

Central Alberta

Regional Assessment Review Board

LARB 0262 880 2017
Complaint ID 880
Roll No. 30001625030

LOCAL ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: June 6, 2017

PRESIDING OFFICER: A. Gamble
BOARD MEMBER: V. Keeler
BOARD MEMBER: A. Knight

BETWEEN:

ZHONG YANG WANG & XIANG LI JIN

Complainant

-and-

THE CITY OF RED DEER

Respondent

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

ROLL NUMBER: 30001625030
MUNICIPAL ADDRESS: A 4623 – 45 Street
ASSESSMENT AMOUNT: \$ 198,500

The complaint was heard by the Local Assessment Review Board on the 6th day of June, 2017, in the Council Chambers at The City of Red Deer, in the province of Alberta.

Appeared on behalf of the Complainant:
Zhong Yang Wang & Xiang Li Jin

Appeared on behalf of the Respondent:
Del Stebner, Property Assessor for The City of Red Deer, Revenue & Assessment
David Clark, Property Assessor for The City of Red Deer, Revenue & Assessment

DECISION: 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. 3474/2011, *Regional Assessment Review Board Bylaw*.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is a (semi-detached) half-duplex residential property located at A 4623 – 45 Street within the Parkvale subdivision, which was established in 1905 and has residences of historical significance with unique architectural characteristics.
- [3] The Complainant submitted a property assessment complaint on March 15, 2017 to the Central Alberta Regional Assessment Review Board, and Notice of Hearing was sent to the parties on April 13, 2017.

PRELIMINARY MATTERS

- [4] The Board Chair confirmed that no Board Member raised any conflicts of interest with regard to matters before them.
- [5] Neither party raised any objection to the panel hearing the complaint.
- [6] A preliminary matter was raised regarding a one-page document that the Complainant asked to submit at the hearing as rebuttal to the Respondent disclosure.
- [7] The Board asked the Respondent to review the additional page and to state any objections. The Respondent did not object to the single page as it is already addressed in their disclosure, and asked for confirmation that this is the only additional rebuttal information the Complainant intends to submit.
- [8] The Board recessed, and as per MRAC 6(1) abridged the timelines for disclosure of evidence set out in the Notice of Hearing and outlined in MRAC 3(c). The Board explained the process for the hearing proceedings and confirmed no new information would be accepted in the hearing process. The Board reminded the parties they are expected to refer only to materials and arguments that have been disclosed.
- [9] No additional preliminary or procedural matters were raised. Both parties indicated that they were prepared to proceed with the complaint.
- [10] The Board confirmed the complaint form indicates one issue, the assessment amount.
- [11] The Board confirmed the submissions of the parties and entered the following exhibits into the record:
- A.1: Hearing materials: Agenda with complaint with attachments (26 pages)
 - C.1: Complainant submission (29 pages)

R.1: Respondent submission (24 pages)
C.2: Complainant rebuttal (1 page)

ISSUES

[12] The Board considered the parties' positions and determined the following question is to be addressed within this decision:

What is the appropriate assessment amount, based on the evidence presented?

POSITION OF THE PARTIES

Position of the Complainant

- [13] The Complainant stated that they had purchased the subject property for \$240,000 in June of 2016, and that at the time, the market was down due to the economy.
- [14] The Complainant considered the purchase price of \$240,000, as evidenced on the purchase contract dated June 2, 2016, to be close to market value of the property at that time.
- [15] The Complainant stated that they trust that the professional appraisal, completed by the Howard Company as a bank requirement, is an accurate reflection of market value. The Complainant further explained that a bank may not loan money for the purchase if the appraisal value is not market value.
- [16] The Complainant pointed out to the Board that the City's assessment department refers to the possession date as the date of the sale.
- [17] The Complainant argued the MLS listing of the subject property is market value, but that the City is not recognizing this sale which is unfair. Further, the Complainant stated that house values change with the market and that the City is not looking at MLS listings.
- [18] The Complainant submitted that, since the assessment is based on market value, the purchase price of the subject should reflect market value.
- [19] The Complainant noted that they had looked at approximately fifty half-duplex properties prior to purchasing the subject property. During this time they watched the market and compared these properties.
- [20] The Complainant expressed his concern that the assessed value is for tax purposes only but since this value is posted online, it may be considered actual value by others who access this information.
- [21] The Complainant submitted that the subject sale is within the time frame to be included in the City's analysis as per his evidence of purchase agreement and not the Land Titles Office transfer date.

[22] In summary, the Complainant requested that the assessed value be increased to \$240,000 to reflect the purchase price.

Position of the Respondent

[23] The Respondent explained the reasons why the assessment had been reduced from the previous year, and is now correct:

- a) The City tries to review 20% of the properties in the City each year by reviewing Request for Information forms, MLS reviews, house visits, sales investigations, etc. This property “fell through the cracks” in this process. In 2006, City assessors had made changes to the system based on assumptions. Upon review of the MLS listing, some differences were noted with regards to the features of the house and subsequently these changes were made to the system inventory. Also, basement development was included but has now been removed from the system.
- b) An error was also made on the square footage of the house and has now been corrected and verified with the Complainant.
- c) Due to a year-to-year decline in the local market of about 4.4% for this type of home, a reduction has been applied.

[24] The Respondent's submission includes a Sales Comparability Table, which:

- a) indicates the average sale of the time adjusted sale prices is calculated to be \$277,125 with the average sale price per square foot to be \$242, while the subject property is assessed at \$205 per square foot. All of the comparable sales that were analyzed have a higher time adjusted sale price per square foot since they are superior to the subject property.
- b) demonstrates that, although the Sales Comparability Table is similar to the appraisal that compares three property sales, the table adjusts for inferior and superior condition while the appraisal only compares three sales superior to the subject property.

[25] The Respondent referred to the Assessment Comparable Table which demonstrates assessment equity of seven similar semi-detached properties within the local Parkvale neighbourhood.

[26] The Respondent confirmed that the City considers September 15, 2016 to be the sale date of the subject property since the City of Red Deer uses registration dates at Lands Titles for sales data.

[27] The Respondent stated in his submission that “sale price information helps to develop market value-based assessments. The 2016 assessments are calculated by analyzing the range of sale prices of similar properties occurring within July 1st 2015 to June 30th 2016 to establish a specific point in time (July 1st) valuation for each property. Several sales of similar properties are compared to determine typical market values of specific types of properties that have similar characteristics.”

[28] In summary, the Respondent submitted that the subject property has been fairly and equitably assessed as per legislated requirements and, therefore requests the Board confirm the subject property assessment of \$198,500.

BOARD FINDINGS AND DECISION

[29] The Board finds that legislation relevant to assessment and valuation of property provides clear guidance for this Complaint in the Municipal Government Act, RSA 2000, c M-26 ["MGA"], and in Regulations passed pursuant to this Act, specifically Matters Relating to Assessment and Taxation Regulation ["MRAT"]. This legislation governs the assessor in completing assessments, and the Board must make decisions based on the same legislation.

MGA section (1)(n): Definition of Market Value

"market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

MGA s. 293(1) In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

(2) If there are no procedures set out in the regulations for preparing assessments, the assessor must take into consideration assessments of similar property in the same municipality in which the property that is being assessed is located.

MRAT - Valuation standard for a parcel of land is described in section 4(1)(a)

4(1) The valuation standard for a parcel of land is

- (a) market value

MRAT - Mass Appraisal is described in Section 2:

An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

MRAT - Valuation Date is described in Section 3:

Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

MRAT – Definition of "Mass Appraisal" is in section (1)(k)

"mass appraisal" means the process of preparing assessments for a group of properties using standard methods and common data and allowing for statistical testing

[30] The Board acknowledges that the Complainant referenced their purchase of the subject property and provided evidence of the sales contract dated June 14, 2016.

[31] The Board accepts that it is the practice of the City to rely on the date of registration at Land Titles for confirmed sales dates. Since this practice is applied uniformly across properties in the City, the Board finds that the sale of the subject property is outside the valuation period with the land title transfer registered in September 15, 2016.

[32] The Board finds that the appraisal submitted by the Complainant was done for bank purposes only and is not based on mass appraisal criteria.

-
- [33] The Board finds that assessments cannot rely on MLS listings, since listings are not sales.
- [34] The Board accepts the Respondent's comparable analysis that shows that the assessed value of the subject property is within the value range of the comparable properties.
- [35] The Board accepts the reasons for the decrease in assessment value as presented by the Respondent.
- [36] The Board finds that market value is an estimate of the probable selling price of a property and is estimated from objective observations of the collective actions of the marketplace, not from an isolated action in the marketplace such as a single sale.
- [37] The Board finds that the Respondent has prepared the assessment fairly and equitably pursuant to all legislation using market value and mass appraisal techniques.
- [38] The Board finds the Complainant has failed to provide convincing evidence to establish that the Respondent's recommended assessed value is not reflective of the subject property's market value utilizing mass appraisal principals and valuation criteria consistently throughout the municipality.
- [39] The Board confirms the property assessment as presented by the Respondent.

DECISION SUMMARY

- [1] Based on the reasons herein, the Board confirms the property assessment to \$198,500.
- [2] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 6th day of July, 2017 and signed by the Presiding Officer on behalf of all the panel members.



Alfred Gamble
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 MGA 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.

APPENDIX

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>
1. A.1	Hearing Materials with Agenda, Complaint Form, and Notice of Hearing
2. C.1	Complainant disclosure submission
3. R.1	Respondent disclosure submission
4. C.2	Complainant rebuttal submission