

Central Alberta

Regional Assessment Review Board

Decision: **LARB 0262 697 2016**

Complaint ID 697

Roll No. 30002310945

LOCAL ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: 07 JUNE 2016

PRESIDING OFFICER: A. Gamble

BOARD MEMBER: B. Farr

BOARD MEMBER: V. Keeler

BETWEEN:

HARISH RATRA

Complainant

-and-

CITY OF RED DEER

Respondent

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

ROLL NUMBER: 30002310945

MUNICIPAL ADDRESS: 68 Tanner Street

LEGAL DESCRIPTION: Lot 30, Block 9, Plan 1325361

ASSESSMENT AMOUNT: \$ 491,800

The complaint was heard by the Local Assessment Review Board on the 7th day of June 2016, in the Council Chambers at The City of Red Deer, in the province of Alberta.

Appeared on behalf of the Complainant:

Harish Ratra, Property Owner

Appeared on behalf of the Respondent:

Kurtis Hall, Assessor

David Clark, Assessor

DECISION: The assessed value of the subject property is VARIED from \$491,800 to \$468,600.

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 The City of Red Deer Bylaw No. 3474/2011, *Regional Assessment Review Board Bylaw*.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is a two story single-family detached dwelling. It is classed as residential, and is located at 68 Tanner Street within the Timber Ridge neighborhood in the city of Red Deer.

PRELIMINARY MATTERS

- [3] The Board Chair confirmed that no Board Member raised any conflicts of interest with regard to matters before them.
- [4] Neither party raised any objection to the panel hearing the complaint.
- [5] The Parties confirmed that the issue under complaint is the assessment amount. The Board accepts the complaint as presented.
- [6] The Complainant requested that two additional pages of evidence consisting of a realtor property listing showing the subject property in the amount of \$429,900 and a calculation summary sheet be presented to the Board at the hearing. The Respondent confirmed they had no objections to the additional disclosure.
- [7] The Board abridged the disclosure period to allow submission of this material at the hearing in accordance with *Matters Relating to Assessment Complaints Regulation*, AR 310/2009 ("MRAC"), section 6(1).
- [8] The Respondent raised a preliminary matter related to corrections within their submission. The Board was advised that Page 11, bullet 3 in the value range for comparables that "\$520,000" should replace "\$524,400" and that on Page 12 in the last sentence of the paragraph above the table, the word "original" should be replaced with the word "recommended". The Complaint confirmed they had no objections to these changes.
- [9] The Board confirmed the submissions of the parties with the noted corrections and entered the following Exhibits into the record:
A.1 Clerk materials: pages 1-4 and 18-19 of the "Hearing Materials"
C.1 Complainant submission pages 5-17 of the "Hearing Materials"
C.2 and C.3 Complainant additional submissions provided at the hearing
R.1 Respondent submission
- [10] Neither party raised any additional preliminary or procedural matters other than those identified above. Both parties indicated they were prepared to proceed with the complaint.

[11] **ISSUES** The Board considered the parties' positions and determined the following questions are to be addressed within this decision:

- a) What is the appropriate assessment amount based on the evidence presented?

POSITION OF THE PARTIES

Position of the Complainant

[12] The Complainant's position is that the assessment is too high. The Complainant referred to his purchase of the subject property, and stated the following:

- The offer to purchase, for \$450,000, was an arms-length sale and was accepted on June 11, 2015, before the assessment cut-off date of July 1st.
- The purchase price included the cost of completing the basement.
- The subject property sale closed on August 28, 2015, which is not much later than the assessment cut-off date of July 1st.

[13] The Complainant argues that the purchase price of the subject property is relevant and should be considered when assessing the property.

[14] The Complainant further argued that the subject property is not in close proximity to the bus stop and main road, which should result in a lower assessed value than others in the area which the assessor used as comparables, and which are closer to these amenities.

[15] The Complainant concluded by asking the Board to reduce the assessment to \$450,000.

Position of the Respondent

[16] The Respondent explained that the recommended assessment of the subject property falls within tolerance measures as set out in *Matters Relating to Assessment and Taxation Regulation, AR 220/2004 (MRAT)*.

[17] The Respondent argued that an assessed value cannot be matched to a particular sale price. One sale does not make a market. Assessors must use all sales of a particular housing stratum to set assessed values. Assessors must use mass appraisal practices, which allow for some variance between assessment values and sale prices.

[18] The Respondent explained that the sale of the subject property was not used in the property assessment valuation because their analysis relies on data from the Land Titles Office, and the official transfer of title did not occur until September 12, 2015, well past the July 1st assessment period cut-off date.

[19] Following a physical inspection of the subject property on February 2, 2016 by the assessor, it was determined that the assessed value of the property should be reduced to \$468,600 (from \$491,800). The Respondent offered to adjust the assessment to the reduced value, but the Complainant did not accept the offer.

[20] The Respondent noted that although the transfer of title stated the selling price as \$451,009, the Complainant is requesting the assessed value be changed to \$450,000.

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- [21] The Respondent confirmed that a sales comparison approach was used to calculate the assessment value. The Respondent further referred to the "Sales Comparable Table" on page 10 of Exhibit R.1. Three sales comparables provided a value range of \$445,000 to \$524,400. The subject property falls between all three indicating a reasonable and fair assessment of \$468,600. Assessment Sales Ratios of the sales comparisons also supports the recommended assessment.
- [22] The Respondent also explained the "Demonstration of Equity" table on page 12 of Exhibit R.1 to the Board. This table listed four comparable properties with assessed values ranging from \$476,500 to \$497,900. As noted on page 13 of Exhibit R.1, the recommended assessment of \$468,600 falls below this range, so the Respondent sees no cause for concern regarding equity.
- [23] The Respondent considers Sale #1 on page 10 of R.1, to be the best comparable to the subject property:
- It has the same floor plan, built by the same builder and is in close proximity to the subject property.
 - The time adjusted sale price (\$445,000) of this comparable was added to the cost estimate to complete the basement (\$24,569) to total \$469,569, which compares closely to the recommended assessment value of \$468,600.
 - The basement-finishing estimate is provided on page 8 of Exhibit C.1.
- [24] The Respondent requests that the assessment value of the subject property be reduced from the initial \$491,800 to the amount of \$468,600.

BOARD FINDINGS

- [25] The Board finds that the June 11, 2015 contract has no relevance. The closing sale date of the property was on August 28, 2015, and the Land Title transferred on September 12, 2015. This sale does not comply with the valuation date of July 1, 2015.
- MRAT section 3 states:
- "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."
- [26] The Board acknowledges the discrepancy in the Complainant's requested assessed value amount and the transfer of title sale price as being the amount of the land tax as shown on the statement of adjustment on page 10 of C.1. The Board accepts that the Complainant is asking that the assessment value be reduced to \$450,000 since that is the purchase price he agreed to.
- [27] The Board finds that the property is subject to assessment valuation based on market value as stated in MRAT section 4(1)(a). 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.

[28] The Board further finds that it is appropriate for an assessor to base market value on analysis of mass appraisal, estimates of property value, and market conditions for similar properties:

MRAT section 2 states:

"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."

[29] The Board accepts the Respondent's sales comparable analysis, which shows that the recommended assessment value for the subject property is within the value range of the comparable properties.

[30] The Board accepts that the Respondent prepared the assessment using appropriate appraisal valuation techniques. 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.

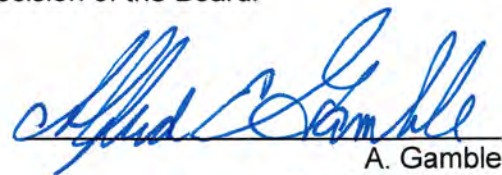
[31] The Board finds the Complainant has failed to provide sufficient evidence to establish that the Respondent's recommended assessed value is not reflective of the subject property's market value.

[32] In summary, the Board accepts the Respondent's recommendation to reduce the assessment to \$468,600.

DECISION SUMMARY

[33] For the reasons noted above the assessed value of the subject property is varied from \$491,800 to \$468,600 in accordance with the recommendation made by the Respondent.

[34] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, with in the Province of Alberta this 20th day of June 2016, and signed by the Presiding Officer on behalf of all the panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



A. 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 "A"

Documents Presented at the Hearing and considered by the Board

| <u>Exhibit No.</u> | <u>Item</u> |
|--------------------|---|
| A.1 | Clerk materials: pages 1-4 and 18-19 of the "Hearing Materials" |
| C.1 | Complainant submission: pages 5-17 of the "Hearing Materials" |
| C.2 and C.3 | Complainant additional submissions: provided at the hearing |
| R.1 | Respondent submission |