

# Central Alberta

Regional Assessment Review Board

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**LARB 0262 1018 2018**

Complaint ID 1018

Roll No. 30000342690

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LOCAL ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: June 07, 2018

PRESIDING OFFICER: D. Moore

BOARD MEMBER: V. Keeler

BOARD MEMBER: J. Kline

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BETWEEN:

TIM KENNEDY

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: 30000342690

MUNICIPAL ADDRESS: 135 Addington Drive

ASSESSMENT AMOUNT: \$ 451,300

The complaint was heard by the Local Assessment Review Board on the 7<sup>th</sup> day of June 2018, at The City of Red Deer, in the province of Alberta.

Appeared by telephone on behalf of the Complainant: Tim Kennedy

Appeared on behalf of the Respondent: Cale Green - Property Assessor, The City of Red Deer  
Travis Larder - Property Assessor, The City of Red Deer

**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 455 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 (November 14, 2011).

## **PROPERTY DESCRIPTION AND BACKGROUND**

- [2] The subject property is a semi-custom Bungalow home located at 135 Addington Drive within the Aspen Ridge subdivision in the City of Red Deer within the province of Alberta. It is classified as residential.
- [3] The Complainant submitted a property assessment complaint to the Central Alberta Regional Assessment Review Board on March 20, 2018. Notice of Hearing was sent to the parties on April 20, 2018.

## **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] The Respondent raised a preliminary matter related to corrections within their submission. The Board was advised that Page 7, chart numbers "#2 & #3" should replace "#3 & #4" and that on Page 11 "Sale #4" should be replaced with "Sale #3". There were no objections to these changes.
- [7] Neither party raised any additional preliminary or procedural matters than those identified above. Both parties indicated that they were prepared to proceed with the complaint.
- [8] The Board confirmed the submissions of the parties and entered the following Exhibits into the record:
- A.1 – Hearing Materials provided by Clerk (5 pages)
  - C.1 – Complaint Submission (8 pages)
  - R.1 – Respondent Submission (Cover & Index Page + 15 pages)

## **ISSUES**

- [9] The Board considered the parties' positions and determined the following questions are to be addressed within this decision:
- a) Was the subject property accurately assessed, based on the evidence presented?

## **POSITION OF THE PARTIES**

### **Position of the Complainant**

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

- a) The purchase price is relevant and it should be considered when assessing the property. The Complainant stated that he purchased the subject property in October 2018 for \$423,000.
- b) The downturn in the economy has severely affected market value. The Complainant further argued that residential sales have not increased due to the economic downturn over the past few years, as of May 2018 over 1,000 houses were on the market in Red Deer. He further explained that he has limited access to public data but believed listings are reflective of current markets in Red Deer. The Complainant stated by the time he had purchased the subject property, it had been on the market for over one year with a starting price of \$500,000. The Complainant feels that the real estate listings from May 1, 2018 with five properties similar to the subject listed between \$400,000 and \$425,000 confirms the market is still down.
- c) The subject property is located in a rundown, lower cost, high traffic housing area, which should result in a lower assessed value than other more prime locations in Anders.
- d) The Complainant stated that of the Respondent's sales comparable analysis, the subject property is the only one located on a busy collector road and therefore, should not be considered comparable.

[11] In summary the Complainant requested the Board to reduce the assessment amount to \$423,000.

### **Position of the Respondent**

[12] The Respondent explained that due to the downturn in the economy the estimated market value of the subject property has been reduced by \$26,400 over the past four years in response to market conditions.

[13] The Respondent provided sales comparisons for semi-custom bungalows sold in south Red Deer that show that there have been 54 sales within the year July 1, 2016 to June 30, 2017 and 44 sales between July 1, 2017 and December 31, 2017, indicating sales have not been decreasing.

[14] The Respondent agreed that the subject property is located on a busy street and noted adjustments have been applied to the current assessed value. The Respondent advised the Board that all comparables identified in the evidence submitted are located in the Aspen Ridge and Anders areas and adjustments were also applied to the current assessments for the busy street.

[15] The Respondent explained that, as per the Municipal Government Act and Regulations, mass appraisal techniques were used when preparing assessments and that single property sales alone

can not be used when determining an estimate for market value. Further, the City takes into account all sales of similar properties that sold within the appropriate valuation period. The official transfer date of the subject property was October 19, 2017 which is outside the valuation period and cannot be included as part of the valuation process for the current years assessment.

- [16] The Respondent explained the "Demonstration of Equity" on page 7 of Exhibit R-1 to the Board. This table listed three comparable properties with assessed values ranging from \$446,600 to \$484,900. As noted the recommended assessment of \$451,300 or \$330.62 per sq. ft. is slightly lower than the median range of \$475,900 or \$336.61 per sq. ft. for similar homes in Aspen Ridge.
- [17] The Respondent referred to the sales comparison table on Page 9 of Exhibit R-1. Three sale comparables provided a value range of \$477,500 to \$487,500. The subject property was not sold within the valuation period. As noted on page 12 or Exhibit R.1, the recommended assessment of \$451,000 falls below the range, lower than the median and is a fair reflection of market value. The Respondent considers Sale # 1 on Page 9 of Exhibit R.1, to be the best comparable to the subject property in terms of age, design, quality, same building type, and both have developed basements. The comparable is one year older and 23 square feet smaller than the subject property and located on a slightly smaller lot in the same neighborhood. The time adjusted sale price \$471,800.
- [18] In summary the Respondent requested that the Board confirm the current assessment of \$451,300.

## **BOARD FINDINGS and DECISION**

### **ISSUE**

Is the subject property assessment fair and equitable based on the evidence submitted?

- [19] 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 293(1):

**293(1)** In preparing an assessment, an 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.

- [20] The Board accepts that the Respondent prepared the assessment using the appropriate assessment valuation techniques as set out in section 293(1) of the MGA. The Board acknowledges the assessment process whereby the best indicator of market value is considered to be comparable sales of similar properties in close proximity to the subject property. The Board

finds that adequate sales have occurred to convince the Board that market value has been achieved.

- [21] The Board finds that no weight can be given to real estate listings and no further evidence such as sales data within the assessment valuation period was submitted by the Complainant to refute the Respondent's arguments.
- [22] The Board accepts that the subject property was assessed at \$330.62 per sq. ft., slightly below the median of \$336.61 per sq. ft. for similar properties in the area, as submitted in evidence by the Respondent.
- [23] The Board finds that the Complainant's information regarding decreased sales and increased inventory does not reflect an analysis of sales or market value.
- [24] The Board acknowledges that the Complainant contends that the economic downturn should have a greater impact on the subject property assessment, however, the Board notes the Complainant purchased the property for a lesser amount because of this downturn.
- [25] The Board accepts that the assessed value has been reduced by \$26,400 over the past four years.
- [26] MRAT section 6 defines valuation date as: *"Any assessment prepared in accordance of the Act must be an estimate of the value of a property on July 1<sup>st</sup> of the assessment year."* The Board finds that the October 19, 2017 purchase of the subject has no relevance since the purchase date was outside the assessment valuation period and could not be included in the current year valuation process.
- [27] The Board acknowledges that the Complainant has requested a lower assessment value due to conditions such as poor property conditions and high traffic prevalent within the area, and that these conditions may have affected the value of properties in the area. The Board has determined that the market in the area provides evidence that these conditions are recognized and the assessed value is reflective of market value in the area.
- [28] The Board accepts the Respondent's comparable analysis which shows that the assessed value of the subject property is within the value range of the comparable properties.
- [29] MGA section 1(n) defines market value as: *"the amount that a property, as defined in section 281(1)(r), might be expected to realize if it is sold on the open market by a willing seller to an open buyer."* Therefore the Board accepts 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.
- [30] The Board finds that the Respondent has prepared the assessment fairly and equitably pursuant to all legislation using market value and mass appraisal techniques.

**Mass appraisal**

**5** 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.

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- [31] 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.

**DECISION SUMMARY**

- [32] Based on the reasons herein, the Board finds that the assessment value of the Respondent is confirmed at \$451,300.
- [33] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 28 day of June, 2018 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.



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DOROTHY MOORE  
Presiding Officer

*This decision can be appealed to the Court of Queen's Bench. If you wish to appeal this decision you must follow the procedure found in section 470 of the MGA which requires an application for judicial review to be filed and served within 60 days of being notified of the decision. Additional information may also be found at [www.albertacourts.ab.ca](http://www.albertacourts.ab.ca).*

**APPENDIX**

Documents presented at the Hearing and considered by the Board.

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NO.

ITEM

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|--------|-------------------------------------|
| 1. A.1 | Hearing Materials provided by Clerk |
| 2. C.1 | Complainant submission(s)           |
| 3. R.1 | Respondent submission(s)            |