

Central Alberta

Regional Assessment Review Board

LARB 0266 1119 2018

Complaint ID 1119

Roll No. 24960

LOCAL ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: OCTOBER 02, 2018

PRESIDING OFFICER: D. Moore
BOARD MEMBER: J. Kline

BETWEEN:

CHARLES & CELIA HENDRICKS

Complainant

-and-

THE TOWN OF RIMBEY

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 Town of Rimbey as follows:

ROLL NUMBER: 24960

MUNICIPAL ADDRESS: 4836 58 Avenue

ASSESSMENT AMOUNT: \$ 321,240

The complaint was heard by the Local Assessment Review Board on the 2ND day of October 2018, at The Town of Rimbey, in the province of Alberta.

Appeared on behalf of the Complainant:

Charles Hendricks

Appeared on behalf of the Respondent:

Terry Willoughby, Municipal Property Consultants Ltd. On behalf of the Town of Rimbey

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 Town of Rimbey, Bylaw No. 943/18.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is a single family dwelling located at 4836 58 Avenue in the Town of Rimbey 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 June 04, 2018. Notice of Hearing was sent to the parties on July 19, 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 Board confirmed the submissions of the parties and entered the following Exhibits into the record:
- A.1 – Hearing Materials provided by Clerk (9 pages)
C.1 – Complainant Disclosure (3 pages)
R.1 – Respondent Disclosure (20 pages)

POSITION OF THE PARTIES

Position of the Complainant

- [7] The Complainant stated that he purchased the subject property September 17, 2017 for a purchase price of \$314,452. Included in the purchase price was a new home warranty of approximately \$14,500. Although the purchase of the subject property was finalized in 2017, negotiations and deposit to build had started the year prior.
- [8] The Complainant argued that the assessed value for the land and improvements is more reflective of the purchase price \$300,000. He further argued that market value is defined as the price a property might sell for. Therefore he believes since this was an arm's length sale the assessed value should reflect the purchase price.
- [9] In summary the Complainant stated the assessed value of the subject property (\$321,240) is significantly higher than the purchase price (\$314,452). Hence the assessment should be reduced to \$314,452.

Position of the Respondent

- [10] The Respondent stated the he prepared the assessment for subject property based on market value as of July 1 of the assessment year using mass appraisal techniques. Specifically s.5 of the *Matters Relating to Assessment and Taxation Regulation*, Alberta Regulation 203/2017 ["MRAT"] that provided the following standards of assessment:

| 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. |
| Valuation date |
| 6 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. |

- [11] The Respondent explained that it is the Assessor's duty to value property in a fair and equitable manor using mass appraisal techniques and that a single sale alone cannot be used to determine an estimate of market value.
- [12] The Respondent stated that due to the limited amount of sales between July 1, 2016 and June 30, 2017 (the valuation period) his analysis would need to include sales for up to a three year period. The Respondent further stated this is an accepted practice for Municipalities across the province.
- [13] The Respondent provided four comparable sales of similar homes for analysis using the direct sales comparison approach. The assessed values of these homes ranged from \$244,050 to \$365,000 providing a good indication of market value for the Town of Rimbey.

-
- [14] The Respondent explained that although sales in the last two years are showing signs of a distressed market the range for assessment purposes is three years. Outliers within a range of five percent are acceptable. The value of \$7000 from the purchase price of the subject property is still within those parameters. Even still the sale of the subject property is outside of the valuation period (July 1, 2016 and June 30, 2017) therefore could not be considered for this assessment year.
 - [15] The Respondent argued an Assessment Review Board must not alter any assessment that is fair and equitable. In summary, the Respondent stated that subject property reflects market value, therefore requesting the Board confirm the assessment of \$321,240.

BOARD FINDINGS and DECISION

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

Demonstration of Equity / Comparables

- [16] The Respondent provided the Board with the legislated parameters for valuation along with four comparable sales. Although the sales were similar property types, the age of construction ranged from 1996 to 2014, and only one sale is from 2017. It was also noted the Respondent did not provide supporting information for his valuations of the comparable properties.
- [17] Therefore, the Board gives little weight to the comparables used by the Respondent. The Board was not convinced the year of construction for the sales provided was similar enough to a newly built home.
- [18] The Board finds that legislation relevant to assessment and valuation of property provided 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.
- [19] The Board accepts the Respondent has prepared the assessment utilizing the direct sales comparison approach pursuant to all legislation using mass appraisal and market value techniques.

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.

Purchase Price

- [20] The Complainant believes that the purchase price of the subject property is the best indicator of market value.
- [21] The Respondent stated that the sale of the subject property occurred outside the valuation period therefore it was not used for the 2017 assessment.
- [22] While the Board recognizes the Complainant's position is based solely on the \$314,452 purchase price of the subject property September 17, 2017. The Board turned its mind to the fact that the sale is after the July 1, 2017 valuation date.
- [23] MRAT section 6 defines valuation date as "*Any assessment prepared in accordance of the Act must be an estimate of value of a property on July 1st of the assessment year.*" The Board finds that the September 17, 2017 sale could not be included in the current year valuation process.
- [24] In summary, the Board finds that there was a lack of compelling evidence or information provided from the Complainant to suggest the current assessment was neither fair nor equitable.

DECISION SUMMARY

- [25] For the reasons identified above, The Board confirms the assessment of \$321,240 as presented by the Respondent.
- [26] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 01 day of November, 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.



Dorothy Moore
Presiding Officer

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 not more than 60 days after the date 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 provided by Clerk |
| 2. C.1 | Complainant submission(s) |
| 3. R.1 | Respondent submission(s) |