



Complaint ID 0262 1536
Roll No. 30000240490

LOCAL ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: MAY 26, 2022

PRESIDING OFFICER: A. GAMBLE
BOARD MEMBER: S. ROBERTS
BOARD MEMBER: D. WIELINGA

BETWEEN:

JOYCE PURDY

Complainant

-and-

REVENUE & ASSESSMENT SERVICES
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: 30000240490

MUNICIPAL ADDRESS: 73 Lalor Drive, Red Deer, AB.

ASSESSMENT AMOUNT: \$706,000

The complaint was heard by the Local Assessment Review Board on the 26th day of May 2022, via Video Conference (zoom platform), in the province of Alberta.

Appeared on behalf of the Complainant: Joyce Purdy, Property Owner

Appeared on behalf of the Respondent: Gail Bukva, Assessor, City of Red Deer
Travis Larder, Assessor, City of Red Deer

DECISION: The assessed value of the subject property is changed to \$619,000.

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”].

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is a semi-custom bungalow in the neighbourhood of Laredo. It was built in 2014 and has 3 bathrooms, a finished basement, a fireplace, air conditioning and an attached garage. The lot area is 8,831 square feet, the house floor area is 1,878 square feet and the attached garage is 703 square feet.
- [3] The subject property is a corner lot on a main drive and is near 2 apartment complexes and power transmission towers.

PRELIMINARY MATTERS

- [4] The Presiding Officer 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] No additional preliminary or procedural matters were raised by any party. Both parties indicated that they were prepared to proceed with the complaints.

POSITION OF THE PARTIES**Position of the Complainant**

- [7] The Complainant requested that the assessed value of the subject property be reduced to \$600,000. The primary reasons stated for this request are the subject property’s location, house square footage errors, the results of an independent assessment, its spring 2021 list price and sale price, and comparable properties.
- [8] The Complainant stated that apartment complexes across the street cause increased traffic and intrude on her privacy as compared to other properties that do not have such complexes nearby.
- [9] The Complainant commented that the nearby power transmission towers are not pleasing to look at, and their presence likely reduces the value of her property.
- [10] The Complainant stated that being located on a main drive rather than in a close reduces her property value due to increased traffic.
- [11] The Complainant requested that City assessors explain how they determine house square footage. She asked whether house area is based on outer wall dimensions, inner wall dimensions or the value published in realtor listings. She noted that a real estate listing stated it was 1,742 square feet. The original assessment from the City stated that the house was 1,924 square feet, which the municipality subsequently acknowledged was an error. The corrected assessment now states that the house area is 1,878 square feet.

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- [12] The Complainant explained that hearing exhibit C.4 is an independent assessment for the subject property that was completed in May 2021 for the purpose of obtaining a first mortgage. The Complainant pointed out that the appraiser determined the value of the subject property to be \$619,000. She stated that she was not certain whether the appraiser took into account proximity to the apartment complexes and the power transmission towers, as well as its location along a busy street, and this is why she believes \$600,000 is a fair assessment for the property.
- [13] The Complainant noted that in spring 2021 the subject property was listed for sale at \$615,000, she made an offer of \$600,000, and subsequently purchased it for \$610,000.
- [14] The Complainant provided the Board with many sales listings and property sales that she believes are comparable to the subject property. She stated that 77 Lundberg Crescent is probably the most relevant comparable to her subject property. The Complainant said that although the Lundberg Crescent house and lot are smaller than her property, the house was built in 2015 so it is one year newer than hers, it was constructed by a custom builder, and she believes it is in a better location as it backs onto a trail. Its sale price in April 2021 was \$610,000.

Position of the Respondent

- [15] The Respondent acknowledged that the \$706,000 assessed value of the subject property had errors in the property's features (house square footage) and recommends a reduction of its assessed value to \$654,000 to account for the errors.
- [16] The Respondent stated that location of the subject property was taken into consideration when assessing its value, and that a 20% adjustment was made for its proximity to the apartment complexes, traffic influences from the main road and shape of the lot.
- [17] Regarding the method used to determine the square footage of a house, the Respondent explained that they use builders' plans to make their calculation. Standard practice is to use exterior dimensions excluding fireplace cantilevers. The calculation includes stairways. The subject property had been incorrectly assessed based on a 1,924 square foot house. The confirmed correct area of this house is 1,878 square feet, which accounts for the recommended reduction in assessed value.
- [18] The Respondent stated that Independent appraisers often have specific restrictions to work within, such as distance from the subject property to comparable properties. This may explain the difference between the independent appraiser's assessed value of the subject property versus the City assessors' value.
- [19] The Respondent commented that several of the Complainant's comparables were sale listings that were terminated before being sold, others were standard construction rather than semi-custom, and some were not bungalows, therefore these cannot be used to determine assessed value of the subject property.
- [20] The Respondent stated that it has a policy to utilize actual sales that were transferred at Land Titles between July 1, 2020, and June 30, 2021, to be considered for the 2022 taxation year assessment purposes.

- [21] The Respondent agreed with the Complainant that 77 Lundberg Crescent is probably the most relevant comparable to her subject property as it is similar in age, design and quality. The Respondent considers it a semi-custom bungalow and it has 3 bathrooms, a fireplace, a developed basement and a front attached garage. Its time-adjusted sale price is \$614,600 and its Land Title transfer was in April 2021. Its assessed value is \$644,200. The Respondent stated that overall it is inferior to the subject property as it has a smaller lot, a smaller house and does not have a basement entry. For these reasons the subject property should have a higher value than 77 Lundberg Crescent.

BOARD FINDINGS and DECISION

- [22] The Respondent described the standard method used by City assessors to determine the square footage of houses. It is clear to the Board that there was an error in the initial determination of the subject property's house square footage, and that it has been corrected to 1,878.
- [23] The Board notes that both the Complainant and the Respondent stated that 77 Lundberg Crescent is likely the most comparable property to 73 Lalor Drive. 77 Lundberg Crescent was also one of the comparable properties used by the independent appraiser. After reviewing the many comparables presented, the Board also agrees that 77 Lundberg Crescent is the most valid comparable to the subject property, and places high value on this evidence.
- [24] The Respondent stated that overall 77 Lundberg Crescent is inferior to 73 Lalor Drive because it has a smaller lot, a smaller house and does not have a basement entry. Other than cost per square foot for each house, the Respondent did not provide the Board with calculations describing how lot size differences and basement entry are evaluated for the assessment amount. Without this information, the Board cannot objectively determine the effect of these items on the assessment amount.
- [25] The Board has determined that the independent appraiser's assessment report is a valid document to consider for an assessment determination. Although the Respondent stated that the independent assessor's value was likely made using different parameters than the City assessors as it was done for mortgage financing purposes, no specific evidence was provided to the Board to fully explain this statement or to evaluate the different parameters. Additionally, the Board notes that the independent appraiser's assessment report date is May 27, 2021, which is within the July 1, 2020, and June 30, 2021, valuation timeline for the 2022 taxation year.
- [26] The Complainant stated that the location of the subject property, specifically its proximity to apartment complexes, power transmission towers, and being on a main roadway, diminish its value. She said that at the time she purchased the property she was not aware of how much traffic there was on the roadway, but she did know about the nearby apartment complexes and power transmission towers. The Respondent stated that a 20% adjustment was made to the assessment to account for negative location factors. The Board observes that the independent assessor's appraisal report gives 77 Lundberg Crescent a \$10,000 advantage for location compared to the subject property. The Board concludes that both the Respondent and the independent assessor took the negative factors of the subject property's location into account when determining its value.
- [27] The Board is aware that although the sale agreement for the subject property was made in May 2021, its Land Title transfer did not occur until after June 30, 2021. Therefore, in accordance with the City assessors' policy, they cannot consider its sale price of \$610,000 for the 2022 taxation year.

[28] Given that the subject property and 77 Lundberg Crescent are valid comparables, the Board summarizes the following:

- City assessment: subject property (corrected) \$654,000 vs 77 Lundberg Crescent \$644,200
- Independent appraiser assessment: subject property \$619,000 vs 77 Lundberg Crescent \$622,000
- Sale price: subject property \$610,000 (agreement made prior to June 30, 2021, but Land Title transfer not within City assessor policy valuation date) vs 77 Lundberg Crescent \$614,600 (time-adjusted, within City assessor policy valuation date)

[29] Based on the above comparisons, the Board observes that both properties were assessed by the City at a higher value than the independent appraiser, and both properties sold for less than the assessed values.

[30] The Board finds that the Respondent's assessment for the subject property is too high and that the Complainant's requested assessment of \$600,000 is too low.

[31] From the evidence provided, the Board believes that the independent appraiser's assessment of the subject property is fair and changes the assessed value of the subject property to \$619,000.

DECISION SUMMARY

[32] The Board finds that the assessed value is changed to \$619,000.

[33] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 16th day of June 2022 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.



Al Gamble
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 – 4 pages provided by Clerk
2. C.1	Complainant Submission – part 1 of 8 – 1 page
3. C.2	Complainant Submission – part 2 of 8 – 8 pages
4. C.3	Complainant Submission – part 3 of 8 - 1 page
5. C.4	Complainant Submission – part 4 of 8 – 21 pages
6. C.5	Complainant Submission – part 5 of 8 – 1 page
7. C.6	Complainant Submission – part 6 of 8 – 1 page
8. C.7	Complainant Submission – part 7 of 8 – 1 page
9. C.8	Complainant Submission – part 8 of 8 – 1 page
10. C.9	Complainant Rebuttal – 6 pages
11. R.1	Respondent Submission – 21 pages