

Decision: LARB 0262-535/2013
Complaint ID: 535
Roll No. 1641640

LOCAL ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: 06 JUNE 2013

PRESIDING OFFICER: A. KNIGHT
BOARD MEMBER: K. STECKLER
BOARD MEMBER: R. KERBER

BETWEEN:

SELMA BRADLEY

Complainant

-and-

CITY OF RED DEER
REVENUE & ASSESSMENT SERVICES

Respondent

[1] This is a complaint to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by the Assessor and entered in the Assessment Roll as follows:

ROLL NUMBER: 1641640
MUNICIPAL ADDRESS: 5129 44 AVENUE
ASSESSMENT: \$297,300

[2] The complaint was heard by the Local Assessment Review Board (Board) on the 6th day of June, 2013.

[3] Appeared on behalf of the Complainant:

- Selma Bradley, Homeowner

[4] Appeared on behalf of the Respondent:

- Travis Larder, Assessor
- Stephen Beveridge, Assessor

JURISDICTION

[5] The Central Alberta Regional Assessment Review Board (hereinafter, "the Board") has been established in accordance with section 456 of the *Municipal Government Act R.S.A. 2000, ch M-26* (hereinafter, "the MGA") and the *City of Red Deer Assessment Review Board Bylaw 3441/2009*.

[6] Neither party raised an objection to any Board member hearing the complaint.

[7] No procedural or jurisdictional matters were raised by either party.

PRELIMINARY MATTER

[8] The Board advised the parties that two members of the Central Alberta Assessment Review Board would be sitting in as observers during the hearing and deliberations. It was clearly laid out that the members would absolutely have no input or participation in any of the proceedings. Both parties stated they had no objection.

BACKGROUND

[9] The subject property is a single family dwelling located in the Woodlea subdivision. It was built in 1956, has a floor area of 1,053 square feet and a lot area of 7,800 square feet. The subject has a developed basement and attached garage.

ISSUES AND FINDINGS

[10] The Board has identified the following issues:

1. Is the assessment inventory for the subject property correct?

[11] **Complainant:** The Complainant asserted that it was inappropriate to utilize information from a real estate listing as support for making changes to a property's assessment inventory, as listings are often inaccurate or misleading. The Complainant contended that the assessment inventory of the subject property includes a fireplace that does not physically exist.

[12] The Complainant argued that the subject property does not have in-floor heating in the entire basement as is noted on the assessment inventory. There is electric heat installed under the tile in the bathroom in the basement.

[13] **Respondent:** The Respondent stipulated that all information sources are utilized to keep the information listed in inventory as current as possible, including MLS Listings, and independent sales websites. In response to the Complainants assertion that the assessment inventory for the subject property includes a fireplace that does not physically exist, the Respondent argued that the assessment inventory does not list a fireplace.

[14] Regarding the Complainant's comments relative to the in-floor heating, the Respondent stated that the assessment inventory does indicate that the basement has in-floor heating; however, the Respondent does not dispute the Complainant's assertion that there is only electric heat in the bathroom.

[15] **Board Finding:** The Board finds that the assessment inventory for the subject property is not correct.

[16] Regarding the fireplace issue, the Complainant did not present any evidence that the subject assessment inventory includes a fireplace. However, given the Respondent's position on this matter of in-floor hearing the Board finds that the assessment inventory is incorrect. Unfortunately, the evidence presented at the hearing did not provide the Board with sufficient details to determine the effect correcting the assessment inventory would have on the assessed value.

[17] Accordingly, on June 13, 2013, the Board issued a Notice to Produce pursuant to section 465(1) of the *Municipal Government Act*. Section 465(1) states:

"465(1) When, in the opinion of an assessment review board,

- (a) the attendance of a person is required, or*
- (b) the production of a document or thing is required,*

the assessment review board may cause to be served on a person a notice to attend or a notice to attend and produce a document or thing."

[18] The Notice to Produced required the Respondent to provide:

1. The amount included in the assessment attributable to the basement in-floor heating.
2. The amount that would be included in the assessment attributable to the basement in-floor heating if the inventory was changed to reflect in-floor heating in the basement bathroom only.

[19] On June 13, 2013, the Respondent provided the information requested and indicated that the difference in value between in-floor heat for the entire basement and in-floor heat for just the bathroom is \$2,200.

2. **Is the physical condition of the subject property accounted for in the current assessment?**

[20] **Complainant:** The Complainant argued that the condition of the subject property is inferior to other properties and itemized several deficiencies, including:

- foundation cracks
- lack of landscaping
- cracks and patches on interior walls
- older, mismatched cabinetry
- electrical wiring not up to code

[21] The Complainant presented to the Board photographs in support of this argument. It is the Complainant's position that these deficiencies result in an inferior property with a lower market value.

[22] **Respondent:** The Respondent argued that many of the Complainant's concerns relative to the condition of the subject property are properly characterized as 'normal wear and tear' and would be common to all properties of the same age as the subject property. As such, the physical condition of the properties would be reflected in the market values when doing a market analysis.

[23] **Board Finding:** The Board finds that the physical condition of the subject property is accurately reflected in the current assessment.

[24] The Board accepts the Complainant's photographic evidence of the deficiencies outlined by the Complainant; however, the Complaint did not provide any evidence to establish that the deficiencies would not properly be captured in the assessment process, wherein the subject property is compared to properties that are similar, not only in age, but in style, condition, and location.

3. Increased Assessed Value

[25] **Complainant:** The Complainant indicated during her discussions with the Respondent prior to the filing a complaint, the Respondent had advised her that the only reason the assessed value of the subject property increased from last year was that the Respondent's had only recently become aware of renovations to the property that were done in 2006.

[26] The Complainant argued that permits were obtained for the 2006 renovations and as such the Respondents were aware of the renovation when they occurred. Additionally, the assessment value increased for the subject property from \$158,900 in 2006 to \$230,800 in 2007. It is the Complainant's position that this increase clearly shows that the 2006 renovation have already been accounted for. Any further increase for the renovations would be 'double dipping'.

[27] **Respondent:** The Respondent argued that the renovations that were done to the subject property in previous year(s) were unknown until the 2011 sale of the subject property was analyzed and the assessment inventory updated from the sale information.

[28] The Respondent further argued that the increase in assessment value for the subject property in 2007 was due to market increases, not renovations or upgrades. The Respondent noted that while the 2007 assessment value of \$230,800 represented an increase of 45%, the average value increase in the City in 2007 was 41.4%.

[29] **Board Finding:** The Board finds that the 2006 renovations were not accounted for in previous assessments.

[30] The Board can appreciate the Complainant's concerns relative to 'double dipping', particularly in light of the 45% increase in assessed value in 2007. The Board also understands

that development permits would typically be a good indication to an assessment department of changes to a property so that the matter could be appropriately followed up on and the results of any changes would be reflected in an assessment in a timely fashion.

[31] However, the Complainant did not provide any evidence to establish that the 45% increase in 2007 was anything other than a market increase.

4. Market Value

[32] **Complainant:** The Complainant presented six sales to Board to support her argument that the subject assessment is higher than market value:

	Subject	Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Comp 6
Year Built	1956	1952	1950	1955	1952	1951	1953
Lot Sq.Ft.	7,798	12,493	6,718	6,716	6,718	6,715	6,760
Bldg Sq.Ft.	1053	980 - 997	1085-1179	940-917	1025-1063	1104	940
Bsmt Sq.Ft.	893						
Sold Date	Nov 17/11	Aug 21/11	Oct 3/11	Nov 3/11	Jun 14/12	Aug 25/12	Dec 20/12
Sale Price	\$280,000	\$330,000	\$267,000	\$285,000	\$316,000	\$257,000	\$284,5000
Asmt Value	\$297,300		\$283,300	\$254,800	\$291,400	\$262,500	\$253,200

[33] In response to the comparables presented by the Respondent, the Complainant argued that all of the Respondents comparables are of superior quality (cabinets, countertops, and flooring) and presented the Board with copies of the sales listings for all of the Respondent's comparables evidencing the upgrades.

[34] **Respondent:** The Respondent presented to the Board five sales from within the same area as the subject property:

[35] The Respondent stated that they did not utilize Comparable 7 as they believed that too many adjustments would have to be made to make it comparable to the subject. The Respondent argued that the more adjustments that have to be made, the more unreliable to data becomes.

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	Subject	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. 11
Year Built	1956	1943	1964	1954	1952	1956
Lot Sq.Ft.	7,798	10,953	5,880	6,252	6,716	12,495
Bldg Sq.Ft.	1053	1161	1050	1063	1068	1144
Bsmt Sq.Ft.	893	764	871	678	753	968
Sold Date	Nov 17/11	Aug 5/11	Sep 8/11	Dec 29/11	Mar 30/12	May 3/12
Sale Price	\$280,000	\$379,000	\$264,000	\$258,500	\$325,000	\$320,000
T.Adj Price	\$297,300	\$389,500	\$273,300	\$270,900	\$336,500	\$323,300
Adj Price			\$307,300	\$321,600	\$359,800	\$288,500
Asmt Value	\$297,300	\$373,200	\$263,300	\$246,600	\$274,000	\$332,100

[36] The Respondent indicated that adjustments are made to the sales for size (house and lot) and amenities. Therefore, it is the Respondent's position that Comparables 8 to 11 are all comparable or inferior to the subject property.

[37] In consideration of the comparables presented by the Complainant (#7, 6), the Respondent argued that Comparable 1 was bought for the land only as the purchases removed the existing home. Comparable 2 is a 1 ½ storey property which is not comparable to the subject.

[38] Comparable 3 is similar to the subject in age and lot size but has been significantly upgraded so as not to be comparable to the subject.

[39] Comparable 4 has a legal basement suite and properties with income potential are not comparable to the subject. If all of the necessary adjustments were done to make this property comparable to the subject, it would have a value of \$321,600.

[40] Comparables 5 and 6 both occurred after the legislative valuation date of July 1st.

[41] **Board Finding:** The Board appreciates the considerable effort that the Complainant put forth in preparing and presenting all of her comparables, unfortunately, the Board was not able to accept any of the Complainant's comparables as good indicators of market value for the subject property for the reasons set out below.

[42] In the absence of any evidence to the contrary, the Board finds that Comparable 1 is a land only sale which would not be comparable to the subject property.

[43] Comparable 2 is six years older than the subject, has a smaller lot and is a different style. While any one of these factors alone would not necessarily make this property incomparable to the subject, the totality of the different features do result in the Board finding that this property is not comparable to the subject.

[44] The Board does find Comparable 3 to be similar to the subject property in age and lot size and has only a small difference in house size; however, the photographs show that this property has been substantially upgraded and accordingly is not comparable to the subject property.

[45] The Board also finds Comparable 4 to not be comparable to the subject property as this property has a legal basement suite. In the absence of any evidence to the contrary the Board accepts the Respondents argument that income producing properties have a higher market value.

[46] Lastly, the Board finds that Comparables 5 and 6 are not acceptable as they did not occur within the valuation period. Section 3 of the *Matters Relating to Assessment and Taxation Regulation* states:

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

[47] This is often referred to as the “Valuation Date”. The Valuation Date for this matter is July 1, 2012. Sales that occur after July 1, 2012 may actually have a different value than if sold on or prior to July 1, 2012.

[48] In considering the Respondent’s comparables the Board recognizes that there are differences in age, lot size, and house size; however, there is no evidence that the Respondent has not made all of the necessary adjustments to account for these differences.

[49] The Board find that the subject assessed value is fair and equitable.

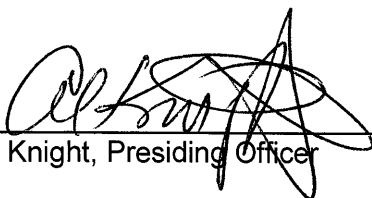
SUMMARY

[50] The Board finds that the only change necessary to the assessment is in relation to the assessment inventory; specifically the in-floor heating.

[51] For the reasons noted above the assessed value of the subject property is VARIED as follows:

Roll # 1641640 \$297,300.00 to \$295,100.00.

[52] Dated at the City of Red Deer, in the Province of Alberta this 6 day of August, 2013 and signed by the Presiding Officer on behalf of all three panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



A. Knight, 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 Municipal Government Act 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>NO.</u>	<u>ITEM</u>
1. A1	Agenda
2. C1	Complainant's Submission
3. R1	Respondents Submission
4. C2	Complainant's Rebuttal

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Decision No. 0262 535/2013			Roll No. 1641640	
<u>Appeal Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
LARB	Residential	Single Family		