

Central Alberta

Regional Assessment Review Board

Decision No: LARB 0262 656/2015

Complaint ID: 656

Roll No. 832955

LOCAL ASSESSMENT REVIEW BOARD DECISION

Hearing Date: June 3, 2015

Presiding Officer: A. Gamble

Board Member: R. Kerber

Board Member: B. Farr

BETWEEN:

Seibel Construction Ltd.

Complainant

-and-

City of Red Deer
Revenue & Assessment Services

Respondent

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

Roll Number: 832955

Municipal Address: Unit 1, 4250 54 Ave, Red Deer, AB

Assessment Amount: \$215,500

The complaint was heard by the Local Assessment Review Board on the 3rd day of June, 2015, in the Council Chambers at the City of Red Deer, in the province of Alberta.

Appeared on behalf of the Complainant:

Gerry Seibel (owner) and Craig Seibel

Appeared on behalf of the Respondent:

Kurtis Hall, Property Assessor

Steve Beveridge, Property Assessor

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 456 of the *Municipal Government Act*, RSA 2000, c M-26 [MGA], and City of Red Deer Bylaw No. 3441/2009, *Assessment Review Board Bylaw*.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is categorized as “row housing condominium,” and the address is: No. 1, 4250 – 54th Avenue, Red Deer, Alberta. The permitted use is residential and the property was assessed under this classification for 2015.
- [3] The Clerk of the Board received the Complaint and filing fee on March 6, 2015.
- [4] The Clerk of the Board sent out a Notice of Hearing on April 22, 2015 listing required disclosure dates. They were: May 12, 2015 for Complainant's Initial Disclosure; May 26, 2015 for Respondent's Disclosure; and May 29, 2015 for Complainant's Rebuttal.
- [5] The Complainant provided a disclosure package to the Board on May 6, 2015. The Respondent provided a disclosure package to the Board on May 25, 2015. The Complainant did not provide a written Rebuttal to the Respondent's disclosure package.

PRELIMINARY MATTERS

- [6] The Board Chair confirmed that no Board Member raised any issue of conflict of interest with respect to the matters before them.
- [7] Neither party raised any objection to the Board Panel hearing the complaint.
- [8] The following preliminary issues were raised:
- a) the Complainant did not provide a written rebuttal to the Board or to the Respondent. This was confirmed by the Complainant;
 - b) the Respondent wanted the Complainant to confirm that there is one subject property under appeal, not a multitude of subject properties; and
 - c) the Complainant confirmed one complaint regarding the assessment amount of the subject property and only the subject property.
- [10] The Board Chair reviewed the items to be presented at the hearing. The parties confirmed the hearing materials and their submissions. The Board accepted the documents as presented and the Board Chair entered the following items as Exhibits:
A.1 – Hearing Materials with Complaint form and Notice of Hearing (6 pages)
C.1 – Complainant Submission (5 pages)
R.1 – Respondent Submission (22 pages)
- [11] The Board Chair confirmed that Assessment Review Board Complaint form, Section 4 and box 3 was marked off (see Exhibit A.1), indicating that the issue under appeal is the 2015 assessment amount of subject property.
- [12] No party raised any additional preliminary or procedural matters. Both parties indicated that they were prepared to proceed with the complaint.

ISSUES

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

Based on the arguments presented by the parties, should the assessment amount of the subject property be confirmed or varied?

POSITION OF THE PARTIES

Position of the Complainant

- [14] The Complainant stated he disagreed with the 2015 assessment amount for the subject property and provided selected example properties from Exhibit C1:
- direct comparison – 230, 56 Holmes Street (581 sq. ft. compared to 613 sq. ft.) with adjusted sales price of \$186,000 (assessment \$175,000), located in the Highland Green District;
 - comparable – 232, 56 Holmes Street (580 sq. ft. compared to 613 sq. ft.) with adjusted sales price \$177,000 in 2014 (assessment not provided) in Highland Green District;
 - comparable - another (no address) Holmes Street property with a verbal offer of \$198,000, located in the Highland Green District.
 - five other property comparables were part of the Complainant's package (Exhibit C.1), and included homes of different square footages, different features, and different City Districts.
- [15] In response to a question from the Respondent as to whether the 232 Holmes Street sale was a test sale or individual sale, the Complainant indicated there were a number of homes sold for \$160,000 in a multiple unit package. There were appraisals for these multiple units, but the Complainant did not submit these as Evidence. The Complainant then advised that the comparable property was an individual sale in the Highland Green District.
- [16] In response to questions from the Board regarding some of the comparable properties in Exhibit C.1, the Complainant indicated that a number of exact comparables were built and sold; however, these varied from the subject property dependent due to such features as front or rear yard, fencing, and parking facilities.
- [17] The subject property was an end unit condominium property with a limited private yard, and it was part of a larger condominium complex in West Park District built in 1992 with average maintenance. The complainant advised that attempts at selling the property have proved to be unsuccessful due to the high 2015 assessment amount on the property.
- [18] The Board asked the Complainant about a verbal sales offer of \$160,000 mentioned for 320, 56 Holmes property. The Complainant confirmed that the property was not listed for sale with a real estate agent.
- [19] The Board further inquired about the subject property. The Complainant explained that it was a condominium unit with one entrance, a community yard, no private fencing, parking

in front of the property, and no private yard. The property is located in an apartment style configuration with 57 units in one complex.

- [20] The Board asked which comparables, except for the subject property, had back yards. The Complainant confirmed that the following comparables have back yards: 56 Holmes St. sold June 2014; 37 Alsgrove Crescent sold in March 26, 2014; and 48 Holmes St. sold on Oct 13, 2014. These properties had backyards and were located in the Highland Green and Anders Districts, respectively.
- [21] In summary, the Complainant requested that the assessed value of the subject property be reduced from \$215,500 to \$170,000.

Position of the Respondent

- [22] The Respondent directed the Board to the City of Red Deer's report noted as Exhibit R.1, and advised that the value of assessment is a component of the property's square footage, selling price of similar properties, including both successful and non-successful sales, and the comparing of comparable properties.
- [23] The Respondent gave an overview of properties and neighborhoods and the variations of subject properties in regard to equity and fairness of sales comparisons. The Respondent advised that West Park is one of the City's most popular areas, due to its mature trees and parks.
- [24] The Respondent noted that comparable properties in the West Park area, and several other subdivisions located on the south side of the City of Red Deer, were assessed at higher property assessments because they are in a more desirable economic area.
- [25] The Respondent explained that City Assessors divide the City into North and South economic zones, with the south area represented by such districts as West Park, Deer Park and Anders and the north area represented by such districts as Normandeau and Highland Green. The Respondent submitted that the south side of Red Deer is a more desired area than the north side with higher home sales.
- [26] The subject property is in West Park, and is a standard split entry town house built in 1992, with a 2015 assessed value of \$215,500. The unit plans indicate the condominium has common areas except for the walls, ceiling and floor. There is full access to the common yard and other common areas.
- [27] The Respondent used "mass appraisal standards" in its evaluation, using various similar properties to compare to the subject property. The Respondent reviewed the comparables from Exhibits C.1 and R.1. The Respondent indicated that the comparables in Exhibit C.1 are condominium town homes within the north side of the City, representing different types of condominium features, different aged homes, in a different economic district. The direct comparison home at 230, 56 Holmes Street is two years older, 32 sq. ft. smaller and is a middle unit. The Respondent submits that this is not a reliable comparison.
- [28] The Respondent showed the following table on page 9 of Exhibit R.1, which demonstrates equity using mass appraisal of town homes by dividing the city into North and South areas. The Respondent concluded that homes in the South portion of the city are usually higher in price than the North portion of the city. The table below reflects split entry

condominiums. The subject property is 1% different in square footage from the comparable properties. The assessment ranges don't take into account end units or interior units

Count	189		
	Floor Area	Effective Year	Assessed Value
Minimum	527	1980	\$186,400
Maximum	735	2003	\$251,400
Average	620	1996	\$213,200
Subject	613	1992	\$215,500
Difference	-1%	- 4 years	+1%

- [29] The Respondent further advised that sales of 189 units that occurred over the 2014 period included 156 townhouses sold (resale only) and 20 split entry townhouses. The sales are time adjusted to July 1, 2015. Based on an average floor area of 620 sq. ft., built in 1996, the assessed value was \$215,500, which is only 1% higher than the subject property.
- [30] The Respondent showed a map of the location of the subject property (page 12 of Exhibit C.1), showing the subject and 230, 56 Holmes Street, which are across the river from each other. The three comparable properties situated on Durand Crescent are located to the far East of the subject property. None of the properties are located in West Park.
- [31] The Respondent explained that an end unit can be up to 7% more expensive than an interior unit due to the end unit being more desirable. However, cost manuals use a 10% difference in costs, which is what the Respondent's analysis is based on. Thus, the Respondent's analysis shows the cost difference between the North and South areas such as Highland Green and West Park, and taking into account such features as age of homes, interior features, square footage, and maintenance of units. These factors lead to a sales price adjustment of 20% (10% for north vs. south area, and 10% for end vs. interior unit).
- [32] In the table on page 13 of Exhibit R.1, the Respondent identified five comparable properties that sold in 2013 and 2014:
- all were built near the same time and sales prices were time adjusted (note the City uses the date the title was transferred as the sales date);
 - the three Durand Cr. properties (south property area) have adjusted sales prices ranging from \$223,800 to \$226,700;
 - the two Holmes St properties (north property areas) have adjusted sales prices ranging from \$186,000 to \$192,300, and these sales comparables, if adjusted for both area and end unit, would result in an adjustment increase of 20% (10% for area plus another 10% for end unit adjustment).
- [33] The Respondent noted that the market does not recognize the difference between the conventional condominium and the bare land condominium. In a bare land condominium unit the owner does not own the land; it is common to all the units.
- [34] A calculation adjustment of the five sales comparisons on page 13 of Exhibit R.1 located in West Park (Subject Property), Deer Park and Highland Green shows a Sales Comparability Table adjusting for sales price, and sales date, which are then adjusted to

sales price. The Respondent completed further adjustment for location and for end unit vs middle unit as follows:

- 74 Durand Cr. - a sales price of \$224,800 adjusted to price of \$247,000.
- 72 Durand Cr. – a sales price of \$223,800 adjusted to price of \$246,000.
- 52 Durand Cr. - a sales price of \$226,700 adjusted to price of \$249,000.
- 221, 48 Holmes St. a sales price of \$192,300 adjusted to price of \$230,000.
- 230, 56 Holmes St. a sales price of \$186,000 adjusted to price of \$222,000.

- [35] The Respondent noted that the five comparable properties all sold. The sale prices were adjusted for time, assessment amounts vs sold amount, and North vs South district at a 10% adjustment, and for end unit vs middle unit a further 10% adjustment where applicable. All property assessments, when adjusted, were considerably higher if they were located in the South area of the city.
- [36] The Respondent further noted that the direct comparable at 230, 56 Holmes, with a smaller square footage than the subject property, was assessed at a higher assessment value than the subject property at \$220,000. vs \$215,500.
- [37] The Respondent briefly outlined some features of the sales comparables, indicating:
- 232, 56 Holmes Street sold in June 2014, but title was not transferred until August 6, 2014. (City Assessors use the date of transfer of land title as sales date)
 - Another comparable was on the market for only 17 days which would normally take two to three months to sell, even in a hot market. The Respondent suspects that this is a situation of a willing seller and willing buyer. As a result, the Respondent questioned if this was a legitimate sales comparable.
 - Sometimes the seller will sell a property at a lower price than market, which means that the buyer gets a good sales price This is still a legitimate sale.
 - The City Assessor must wait until the title is transferred before using a sale as a comparable in their analysis.
- [38] The Respondent provided 111 sales statistics of different sales in appendix D of Exhibit R.1, including examples of sales statistics of the north and south areas sales phenomena and sales statistics of end and middle condominium units phenomena.
- [39] The Respondent summarized:
- An attempt to sell a property that is similar to the subject property was not done on an open market and was not from the same complex.
 - 230, 56 Holmes Street was assessed at \$177,000, and sold for \$182,000 (adjusted sale price \$186,000); if sales were adjusted, the price would be \$186,000, and if sales were adjusted by 20% for South area and an end unit price, the assessed value would increase to \$222,000.
 - The Complainant's sales comparisons were not accurate comparisons to the subject property:
 - Two comparables were outside of the assessment year, they were 72 Durand Cr. and 52 Durand Cr., which both sold in 2013.
 - The other comparables were only snap shots of sales in the North area of the City.
- [40] The Respondent argued that sales units for Holmes Street would be much higher in the south if location adjustments are made as indicated above.

[41] The Respondent requests that the Board confirm its assessment value as presented.

Complainant Rebuttal

[42] The Complainant stated that the Holmes St. comparison is the exact comparable to the subject property and was sold for a cheaper and lower price. The Complainant continued to support his position that the 2015 assessment of the subject property should be reduced from \$215,500 to \$170,000.

BOARD FINDINGS and DECISION

[43] The Board finds the comparables brought forward by the Complainant to be questionable:

- Several comparables are outside the assessment period of June 30, 2013 to July 1, 2014, thus the Board gave little weight to them:
 - #4, 37 Cosgrove Crescent
 - # 223, 56 Holmes Street
- The comparable properties were in different areas of the City than the subject property.

[44] The Board finds the Complainant failed to meet the burden of proof on balance of probabilities, and that the Respondent's calculation of assessed value was fair and reasonable.

[45] The Board finds that the Respondent followed proper appraisal guidelines as per *Matters Related to Assessment and Taxation Regulation, Alta Reg 220/2004 [MRAT]*. As per *MRAT* s 2 and 3:

Mass appraisal

2 *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

3 *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.*

[46] The Board finds the Respondent's analysis and assessed value of comparable properties provided in Exhibit R.1, and especially on page 13, to be fair and reasonable, and accepts:

- the percentage adjustments for properties location in the North and South of the City;
- the percentage adjustments for the end condominium units versus middle condominium units (page 21 of Exhibit R.1);
- the locational difference between the North and South economic zones for condominium sales varies from \$191,000 in the North to \$220,000 in the South, dependent upon square footage of unit.
- Comparing the sales of 189 condominium and townhouse units illustrates that the City of Red Deer's strategy for assessing units is fair and valid.

[47] The Board finds the transfer date is relevant for assessment purposes, and the comparables presented by the Respondent represent market value.


DECISION SUMMARY

- [41] For the reasons noted above, the Board CONFIRMS the 2015 assessment. It is as follows:

Roll #832955

\$215,500.

- [42] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 24th day of June, 2015 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

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 (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

NO.

ITEM

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|--------|---|
| 1. A1 | Hearing Materials with Complaint Form and Notice of Hearing |
| 2. C.1 | Complainant submission. |
| 3. R.1 | Respondent submission. |

