

LARB 0262 1160 2019

Complaint ID 0262 1160

Roll No. 30000831315

LOCAL ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: June 05, 2019

PRESIDING OFFICER: A. GAMBLE

BOARD MEMBER: L. MCLEVIN

BOARD MEMBER: R. SCHNELL

BETWEEN:

BRENT LAWRENCE
ON BEHALF OF DUNCAN LAWRENCE

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: 30000831315

MUNICIPAL ADDRESS: 5831 38 Street Close

ASSESSMENT AMOUNT: \$ 242,900

The complaint was heard by the Local Assessment Review Board on the 05 day of June 2019, at The City of Red Deer, in the province of Alberta.

Appeared on behalf of the Complainant: Brent Lawrence
Duncan Lawrence

Appeared on behalf of the Respondent: Devyn Murray - 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 VARIED TO \$224,500.00

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 959 square foot single storey bungalow with no basement with a detached garage of 621 square feet. The house was built in 1959 and the garage was added in 1977. The property is located in the Westpark Subdivision of the city of Red Deer and includes a site area of 8,719 square feet. The zoning is Residential, Single Family.
- [3] The property assessment complaint was submitted to the Central Alberta Regional Assessment Review Board by the Complainant on March 7, 2019.
- [4] The Notice of Hearing was issued on April 18, 2019.

PRELIMINARY MATTERS

- [5] The Presiding Officer confirmed that no Board Member raised any conflicts of interest with regard to matters before them.
- [6] Neither party raised any objection to the panel hearing the complaint.
- [7] A review of the complaint form by the Board revealed a discrepancy between the assessment notice included in the Complainant’s disclosure package and the assessed value noted in the Respondent’s disclosure information package.
- [8] The Respondent advised that while the assessment notice dated January 19, 2019 indicated an assessed value of \$242,900, after subsequent discussions between the Respondent and the Complainant, the current assessed value was amended to \$240,400. The Complainant and Respondent confirmed the complaint information as amended before the Board and the Board accepted the documents as presented. It is noted that no revised assessment notice had been sent out.
- [9] No additional preliminary or procedural matters were raised by any party. Both parties indicated that they were prepared to proceed with the complaint.
- [10] The Board confirmed the submissions of the parties and entered the following Exhibits into the record:

A.1 – Hearing Materials provided by Clerk (6 pages)

C.1 – Complainant Disclosure filed May 14, 2019 (Blue Folder - 50 pages)

R.1 – Respondent Disclosure filed May 28, 2019 (23 pages)

POSITION OF THE PARTIES

Position of the Complainant

- [11] The Complainant stated the matter before the Board is in regard to assessment amount. Further, he noted that while the 2019 assessment of neighbouring properties decreased by an average of \$10,733.33 per property from the 2018 assessment values, his 2019 assessment increased by \$8,400.00 from the 2018 assessment.
- [12] The Complainant also stated it his position that the downturn in the economy has had a negative effect on the real estate market, lowering property values across the board, which would logically reflect a decrease in the subject property's assessment.
- [13] The Complainant noted that the subject property has no basement, only a dirt floor crawl space to access the furnace, hot water heater and plumbing. He noted that there are no recent improvements or upgrades to the home or "value added" features such as hard wood flooring, fireplace, or granite countertops. The detached double garage has no insulation or interior finishes.
- [14] The Complainant stated that there have been no changes to the roof for over 11 years and provided a picture showing the shingles on the house that reflect curling of the aged shingles. Similarly, he stated that there have been no upgrades to the windows for over 11 years as well.
- [15] The Complainant provided two Comparative Market Analysis documents prepared by local realtors. The Complainant noted that these realtors stated that 2018 was the biggest drop in real estate in many years.
- [16] The Complainant also provided two sales comparables which were within the valuation period – July 1, 2017 to June 30, 2018 – 5960 Westpark Crescent - reflecting a selling price of \$230,500 on April 17, 2018 , and 5550 – 44 Avenue which sold for \$165,000 on June 8, 2018.
- [17] The Complainant provided two additional sales comparisons but both were outside the valuation period and one property was outside the West Park Subdivision.
- [18] The Complainant provided three 2019 Property Assessment Notices for homes in the West Park Subdivision. Two were in the same neighbourhood as the subject property and both reflected year over year decreases in the assessed value in the amounts of \$12,600.00 and \$10,400.00. The third property is located in the "new" West Park Subdivision (West Lake) and reflected a decrease in assessment from 2019 over 2018 in the amount of \$9,200.00.
- [19] The Complainant provided The City of Red Deer Web Map Information printout of nine neighbouring properties with a corresponding street map to show 2019 assessment values of those properties in relation to the subject property.

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- [20] The Complainant stated his concern regarding the assessment process and as well indicated his belief that the process, application fee, preparation time and expenses are onerous and likely a deterrent for most people to consider going through with it.
- [21] The Complainant's requested assessed value on the complaint form was indicated at \$200,000 and he subsequently increased that to \$215,000 during the hearing.

Position of the Respondent

- [22] The Respondent noted that The City undertakes the re-assessment of existing properties every 6-7 years. 2018 saw the West Park neighbourhood undergo this process.
- [23] The Respondent noted that the first step in this process is to send out an assessment request for information (ARFI). This attempt at a re-assessment was not returned by the property owner of the subject property. This prompted an assessor to do a site visit in February 2019. During this visit the Assessor noticed that the roof and all the windows were new.
- [24] However, during the inquiry period, it was discovered that the shingles had been replaced over 10 years ago and that not all windows had been replaced and in fact only the large living room window was replaced sometime close to when the roof was. This change was made to the roll which reduced the assessment from the original amount on the assessment from \$242,900 down to \$240,400.
- [25] The Respondent noted that during the valuation period (July 1, 2017 to June 30, 2018) there were sales of single storey homes that indicated that the assessment of those types of homes had been under assessed in the previous year given the assessment to sales ratio average of 0.96.
- [26] The Respondent indicated that comparable homes in the West Park neighbourhood also partook in the re-assessment cycle. A total of 47 similar homes which saw a median increase in assessment of 8% while the subject property saw an increase of just 4%.
- [27] The Respondent negated the sales comparable of 5550 44 Avenue because the home was 30 years older and was demolished so that a new house could be built on the lot suggesting that the house held little to no value and had served its economic life.
- [28] The Respondent indicated that the remainder of the sales brought forward by the Complainant sold outside the valuation period and would not therefore be considered during this assessment period.
- [29] The Respondent recorded sales in the valuation period of both bungalows with basements and without basements within the neighbourhood of West Park. These houses ranged between 833 square feet to 1,037 square feet and sold from \$227,500 to \$277,000. On average these properties featured a rear detached garage, undeveloped basement and were estimated to be in similar or worse condition than the subject property.

- [30] The Respondent explained that it is the assessor's duty as stated in s. 293 of the MGA and Regulations to value property in a fair and equitable manner using mass appraisal valuation techniques.

Duties of assessors

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.

(3) The municipal assessor must, in accordance with the regulations, provide the Minister or the provincial assessor with information that the Minister or the provincial assessor requires about property in the municipality.

RSA 2000 cM-26 s293;2002 c19 s3;2009 c29 s4;
2016 c24 s26

- [31] The Respondent stated that the subject property 5831 38 Street Close has been assessed by mass appraisal and the modified cost approach was used for valuation of the Single Family Dwelling Category.
- [32] The Respondent indicated that the 47 single storey homes located in the neighbourhood of West Park range between 959 square feet and 1750 square feet and have assessments that range from \$204,300 to \$297,600.
- [33] The Respondent stated that the median assessment for standard bungalows without basements in West Park is \$228,700 reflecting a median assessment per square foot of \$225.
- [34] The Respondent assessed the subject property at \$253 per square foot because of the size of the lot (8,719 square feet) and the larger garage.
- [35] The Respondent requests that the assessed value of \$240,400 be confirmed.

BOARD FINDINGS and DECISION

ISSUE - Is the assessment of the subject property equitable when compared to similar properties in the same neighbourhood?

- [36] The Complainant argues that the subject property is unfairly assessed given that surrounding parcels received an average decrease in their assessed value of \$10,733.33 yet the subject property's assessment increased by \$8,400.00 from assessment year 2018 to assessment year 2019.

- [37] The Respondent believes the assessment on the subject property is correct, fair and equitable stating that while the property is assessed higher than the median of \$228,700 for 47 standard bungalows in West Park, this is because of the size of the lot and larger garage. Therefore, the assessed value of \$240,400 is supported.
- [38] The Board could place no weight on two of the sales comparables presented by the Complainant as they fell outside of the valuation period. Further, the Board places no weight on the market listings produced by the Complainant as assessed value is based on what properties actually sold for.
- [39] The comparative market analysis submitted by the Complainant to demonstrate depressed market in 2018 received some consideration from the Board. The Respondent's Sales Analysis within the valuation period appeared to support the Complainant's contention that 2018 was a depressed value year as comparable homes sold in the fall of 2017 sold for approximately \$20,000 more than the sale in June 2018.
- [40] The Complainant's evidence showing reduced assessed value in three nearby West Park parcels was compelling to the Board who did not hear refuted evidence on this by the Respondent. The average reduction for the properties was \$10,700.
- [41] The Board accepts the Respondent's argument related to the size of the lot of the subject property and agrees that this should reflect a higher assessment than properties with much smaller site sizes. However, the Board did not see evidence to support the Respondent's statement that the subject property has a larger garage.
- [42] The Board, however, rejects the Respondent's argument that the larger lot size and larger double car garage justify an increase in value for the 2018 assessment year. The Board finds that these characteristics were present in previous years and would have been included in the 2017 assessment. As a result, they provide no justification for increasing the assessed value of the subject property by \$5900 when other properties in the immediate surrounding area experienced decreases averaging approximately \$10,700.
- [43] The Respondent provided the following comparable properties in the West Park neighbourhood (page 8 Exhibit R.1):

	Address	Assessed Value	Quality	Eff. Year	CDU	Floor Area	Plumbing	F/P	Bsmt Fin.	Garage	Land Area (sqft)
	Subject										
	5831 38 ST CL	\$240,400	Standard	1960	A	959	1	0	N/A	Detached	8,719
	Comparables										
#1	5823 38 ST CL	\$237,100	Standard	1959	A	959	1	0	N/A	Detached	7,665
#2	5730 41 ST CR	\$218,800	Standard	1966	A	959	1	0	N/A	Detached	6,000
#3	5758 41 ST CR	\$240,200	Standard	1969	A	959	1	0	N/A	Detached	6,000

The Board recognizes that the properties are the same size and built in the same era. However, for what appears to be almost identical properties (#2 and #3), there is a wide range in the assessed value (\$218,800 - \$240,000). The reason for the wide range is not evident in the

information that was provided, so little weight was given to these comparables during the Board's analysis.

- [44] The Board determined that the Respondent was unable to demonstrate any new improvements to the subject property that would justify an assessment increase versus the assessment decrease for other properties in the area.

DECISION SUMMARY

- [45] The Board was provided with good information from both Parties and in light of the foregoing noted evidence, the Board determines that an adjustment to the assessed value of 5831 – 38 Street Close in Red Deer is warranted and is varied to \$224,500. This value reflects the large lot size but remains consistent with assessment reductions similar to other properties in the West Park neighbourhood.
- [46] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 26th day of June, 2019 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 provided by Clerk
2. C.1	Complainant Disclosure(s)
3. R.1	Respondent Disclosure(s)