

Central Alberta

Regional Assessment Review Board

LARB 0262 882 2017
Complaint ID 882
Roll No. 30001112840

LOCAL ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: May 30, 2017

PRESIDING OFFICER: M. Chilibeck
BOARD MEMBER: V. Keeler
BOARD MEMBER: D. Moore

BETWEEN:

MORCOS KALLINY IBRAHIM

Complainant

-and-

THE CITY OF RED DEER
Revenue & Assessment Department

Respondent

This decision pertains to a property assessment 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: 30001112840
MUNICIPAL ADDRESS: 62 Lawson Close, Red Deer
ASSESSMENT AMOUNT: \$643,900.

The complaint was heard by the Local Assessment Review Board on the 30th day of May 2017, in the Council Chambers at the City of Red Deer, within the province of Alberta.

Appeared on behalf of the Complainant:
Morcos Kalliny Ibrahim

Appeared on behalf of the Respondent:
Del Stebner and David Clark, Assessors for the City of Red Deer

Observer:
Mike Arnold

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 the City of Red Deer Bylaw No. 3474/2011, *Regional Assessment Review Board Bylaw*.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is a detached two storey home located at 62 Lawson Close within the Lonsdale subdivision in the City of Red Deer 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 March 15, 2017. Notice of Hearing was sent to the parties on April 13, 2017.

PRELIMINARY MATTERS

- [4] The Board Chair confirmed that no Board Member raised any conflicts of interest with regard to the matters before them.
- [5] Neither party raised any objection to the panel hearing the complaint.
- [6] No additional preliminary or procedural matters were raised.
- [7] The Board confirmed the submissions of the parties and entered the following Exhibits into the record:
- A.1 – Hearing Materials including Agenda, provided by Clerk (5 pages)
 - C.1 – Complainant disclosure submission (3 pages)
 - R.1 – Respondent disclosure submission (26 pages)
- [8] The Chair confirmed the issue before the board is the assessment amount, and that the Complainant requested value is \$620,000, as identified on the complaint form.

ISSUES

- [9] The Board considered the parties’ positions and determined the following question is to be addressed within this decision:
- What is the appropriate assessment amount based on the evidence presented?

POSITION OF THE PARTIES

Position of the Complainant

- [10] The Complainant stated that he purchased the subject property in February 2015 for \$630,000.

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- [11] The Complainant argued that the first assessment he received in 2015 after purchasing the subject property was unreasonable. He met with the assessor, who agreed to take into account the purchase price of the subject, at which time the assessment was reduced and the assessor promised to reduce the assessment more for the following year.
- [12] The Complainant stated that residential sales have been dropping and inventory has been increasing in Central Alberta since 2014, and provided charts from the Canadian Real Estate Association that show 2008 to 2017 sales activity and inventory levels in March of each year. He further stated that although he has access to public data, he does not have access to the data the assessors have. The Complainant explained that 26 Lawson Close was for sale for \$620,000 in 2014, and has since been reduced to \$550,000, a reduction of 13% in price, but is still not selling.
- [13] With regard to the Respondent's comparable assessments, the Complainant points out that since none of the comparable homes have been sold, they do not indicate market value, and further, none of the comparable sales are in the Lonsdale area. The Complainant continued to say that Sunnybrook is a more expensive subdivision, the years the houses were built are not comparable to the subject property, and one of the comparable's lots is double the size of his lot.
- [14] The Complainant concluded that a willing buyer and seller agreed that the property was worth \$630,000 in February, 2015. The downturn continues in the city of Red Deer and throughout Alberta but his assessment amount, instead of reflecting that downturn, is \$643,900, which is considerably greater than what he paid for the subject when property values were much higher.
- [15] In summary, the Complainant requested that the assessment amount be reduced to \$620,000.

Position of the Respondent

- [16] The Respondent stated that he conducted an inspection of the subject property in March, 2015, which was initiated by the Complainant. At that time, the assessment was reduced from \$705,500 to \$669,300. The Complainant signed the revised assessment form, agreeing to the revised market value assessment.
- [17] The Respondent stated that the revised assessment was done eight months after the valuation date, and there were adjustments done for the actual specifications and condition of the property
- [18] The Respondent agreed that the Assessment Comparisons chart reflects assessed values only, but demonstrates that the assessment of the subject property was treated the same as the other similar properties within Lawson Close in the Lonsdale subdivision.
- [19] The Respondent also provided a Sales Comparisons chart which displayed five comparable properties in the South part of the City of Red Deer that sold within the valuation period for 2017 taxes. Upon questioning, the Respondent stated that there were no sales in Lawson Close, and none of the homes that sold in the Lonsdale subdivision were comparable to the subject property.

- [20] The Respondent referred to the Complainant's comparable property at 26 Lawson Close, stating that its listed price of \$620,000 in 2014 was more than \$100,000 above its assessed value of \$518,800. Currently 26 Lawson Close is listed at \$550,000 while it is only assessed at \$506,300.
- [21] The Respondent clarified that the assessment shifts of -3.88% in 2015 and -2.48% in 2016 shown for Lonsdale are for all classifications of homes in the area, not just larger two storey homes similar to the subject.
- [22] The Respondent stated that the purchase price of the subject property or any one single property does not determine the assessment for that property, but is included in a pool of all comparable sales in determining the assessed value. The comparable properties shown in both the assessment and sales comparables show that the subject property is assessed fairly and equitably in relation to similar properties in the neighbourhood, and across the City of Red Deer.
- [23] In summary, the Respondent requested that the Board confirm the current assessment of \$643,900.

BOARD FINDINGS and DECISION

- [24] The Board accepts that the Complainant and the Respondent agree with the Complainant's three issues, as follows:
- a) The Complainant paid \$630,000 for the home in 2015
 - b) The City did not reduce the assessment as promised
 - c) There is a declining residential housing market

The Complainant and the Respondent agree that the Central Alberta housing market has seen a decrease in sales activity and an increase in inventory since 2014, and that homes with prices above \$600,000 are more difficult to sell.

- [25] The Board finds that the Complainant's information regarding decreased sales and increased inventory is insufficient data on which to make a determination for a reduction in the subject assessment.
- [26] The Board places little weight on the Complainant's reference to 26 Lawson Close, as the Board places little weight on a listing that has not sold. The Complainant provided no sales that support his request of a reduced assessment.
- [27] The Board places little weight on the February 2015 purchase price of the subject property. The purchase date and the closing date for the sale were outside the assessment valuation period of July 1, 2015 to June 30, 2016 to determine the assessment for 2017 taxation or market value as of July 1, 2016. Section 3 of the *Matters Relating to Assessment and Taxation Regulation*, (MRAT) states:
"Any assessment prepared in accordance with the Act must be an estimate of the value of property on July 1 of the assessment year."
- [28] The Board is cognizant that the property is subject to assessment valuation based on market value as stated in MRAT section 4(1)(a). Market value is an estimate of the probable selling price of a property, and is estimated from objective observations of the

collective actions of the marketplace, not from an isolated action in the marketplace such as a single sale.

- [29] The Board accepts that the Respondent prepared the assessment using appropriate assessment valuation techniques. The Board also accepts that it is appropriate for an assessor to base market value using the sales comparison approach to determine market value:

MRAT s. 2:

- 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.

- [30] The Board accepts that the Respondent has prepared the assessment value using mass appraisal valuation techniques.

- [31] The Board accepts the Respondent's comparable analysis that shows that the assessed value of the subject property is within the value range of the comparable properties.

- [32] In summary, the Board finds the Complainant has failed to provide sufficient evidence to establish that the Board accept the Complainant's requested assessment.

DECISION SUMMARY

- [33] The Board finds that the assessment value of the Respondent is confirmed at \$643,900.

- [34] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 29th day of June, 2017 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.

For: _____



Myron Chilibeck,
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 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

Documents presented at the Hearing and considered by the Board

<u>NO.</u>	<u>ITEM</u>
A.1	Hearing Materials including Agenda, provided by Clerk (5 pages)
C.1	Complainant disclosure submission (3 pages)
R.1	Respondent disclosure submission (26 pages)