

Central Alberta

Regional Assessment Review Board

Decision No.: CARB 0088-502/2012

Complaint ID: 502 / 503

Roll No.: 1860000 / 1861000

COMPOSITE ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: OCTOBER 30, 2010

PRESIDING OFFICER L. YAKIMCHUK

BOARD MEMBER V. HIGHAM

BOARD MEMBER T. STEVENS

BOARD CLERK: S. PARSONS

BETWEEN:

DICK'S TRUCKING LTD. and
KREM INVESTMENTS LTD.

Complainant

-and-

TOWN OF DIDSBURY

Respondent

[1] These are two complaints to the Central Alberta Regional Assessment Review Board in respect of two property assessment prepared by the Assessor for the Town of Didsbury and entered in the 2012 Assessment Roll as follows:

| | |
|--------------------|-----------------------------|
| ROLL NUMBER: | 1860000 |
| MUNICIPAL ADDRESS: | Box 952 Didsbury AB T0M 0W0 |
| ASSESSMENT | \$176,710 |

| | |
|--------------------|----------------------------------------------------|
| ROLL NUMBER: | 1861000 |
| MUNICIPAL ADDRESS: | Box 952 Didsbury AB T0M 0W0 |
| ASSESSMENT | \$341,650 (Land \$176,710 and Buildings \$164,940) |

[2] These complaints were heard by the Composite Assessment Review Board (Board) on October 30, 2012, in the Didsbury Town Office Council Chambers.

[3] Appeared on behalf of the Complainant:

- Randy Dick, Owner
- Karie Dick, Owner

[4] Appeared on behalf of the Respondent:

- Frank Watson, Assessor, Bow Valley Property Evaluators

JURISDICTION

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

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

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

BACKGROUND

[8] The subject properties are two separate adjacent 28,750 square foot (sf) (0.66A) industrial lots located on a cul-de-sac one block south of Highway 582 in Didsbury. The west lot has an improvement which has been assessed separately using the modified cost method and the east lot is vacant. Each lot has been assessed at \$176,710. The Complainant is requesting an amended value of \$98,900 for each parcel.

ISSUES AND FINDINGS

[9] The Board heard these issues:

1. Are the assessments fair and equitable in comparison to assessments of similar properties in Didsbury?
2. Do the assessments reflect market value for similar properties in Didsbury?
3. Does location affect the value of the parcel?
4. Is the method of assessment in keeping with the standards set by the Municipal Government Act (MGA) and appropriate for this type of property?

1. **Are the assessments fair and equitable in comparison to assessments of similar properties in Didsbury?**

[10] **Complainant:** Mr. and Mrs. Dick, representing Dick's Trucking Ltd. and Krem Investments Ltd. stated that their property had been assessed at \$76,000 last year and was now assessed at more than twice that value. They argued that this was an unfair increase.

[11] **Respondent:** Mr. Watson, Assessor, presented evidence which showed that assessment values per square foot decrease as the size of the lot increases. All lots are assessed using the same table of values, according to the size of the lot. (See R1, p4).

[12] **Board Finding:** The Board found that all industrial lots are assessed in the same manner, as indicated in the table on page 4 of R1. This results in industrial lot assessments which are equitable within the Town of Didsbury.

2. Do the assessments reflect market value for similar properties in Didsbury?

[13] **Complainant:** Mr. Dick stated that local realtors had advised him that the subject properties could not be sold at the assessed value at this time. He argued that there was a sale of a 45,000 sq.ft. (subject is 28,000) lot with highway frontage in June of 2011 for \$199,000. Further, he said that the municipality currently has lots for sale for \$168,000 per acre.

[14] **Respondent:** Mr. Watson presented a list of Didsbury Industrial Land Sales from October 9, 2009 to June 2011 (R1 p3) which included the sale the Complainant had mentioned. He argued that lot values were not directly related to lot size. The sales he provided, he said, demonstrated that the larger the lot, the lower the value per square foot (sf). Mr. Watson also argued that the Municipal Lots were not considered in the assessment because they had been put on sale after the assessment period.

[15] **Board Finding:** The Board examined the list of comparable Market Sales and removed the sale of October 2009 from the list as it was too dated. The Respondent had Time Adjusted the value, but he did not adequately document how the Time Adjustment difference had been calculated. The June 2, 2011 sale was post facto (outside the assessment period), but the Respondent did provide an appraisal for the same property dated March 3, 2011 with a value identical to the Sale Value so the Board accepted this sale for comparison. The parcels over two acres were not included as the Board did not believe they were comparable to the subjects.

[16] When the sales were listed in order of lot sizes, the Board was able to see how the *subject parcels* fit:

| Lot Size | Sale Price | \$/Acre |
|-----------------------------|------------|-----------|
| 0.22 Acres | \$ 75,000 | \$343,895 |
| 0.66 Acres (Subject Assm't) | \$176,710 | \$267,742 |
| 1.04 Acres | \$199,000 | \$192,212 |
| 1.60 Acres | \$240,000 | \$150,000 |

[17] The Board decided that the subject parcel assessment fit into the market sale list, decreasing in value/acre as lot size increased. Therefore, the parcels were assessed at a value which reflected the market value during the assessment period. Further, the Town of Didsbury lots which are currently listed at \$168,000/Acre do not affect the current subject assessment but may affect assessments for the period in which they are sold.

3. Does location affect the value of the parcel?

[18] **Complainant:** The Complainant argued that the location of the lots in question was an inferior position off the highway and did not compare to the more favourable highway frontage of some of the lots that were sold in Didsbury.

[19] **Respondent:** This issue was not presented in the Complainant's submission of evidence, therefore the respondent did not submit a response to it.

[20] **Board Finding:** A composite assessment review board must not hear any evidence that is not disclosed in accordance with section 8(2) of MRAT. The information was presented at the hearing, but had not been disclosed prior to the hearing, therefore the Board found that this was new information and did not have bearing on this decision.

4. Is the method of assessment in keeping with the standards set by the Municipal Government Act (MGA) and Regulations, and appropriate for this type of property?

[21] **Complainant:** The Complainant stated that the subject assessment doubled from the previous year, and the value of his property had not doubled. He asked how there could be such a large jump in assessment from last year to this one.

[22] **Respondent:** The Respondent said that an audit of previous Assessments by the provincial authority had shown an Assessment to Sale Value Ratio (ASR) of 0.50 (50%) for industrial land in Didsbury. He stated that the MGA and the regulations (Matters Relating to Assessment and Taxation Regulation or MRAT) required the assessment to be a mass assessment that reflected Market Value with an ASR between 0.95 and 1.05. That is, assessed value should be as close as possible to 100% of the typical Sale Value of similar parcels.

[23] **Board Finding:** The Board confirmed the Respondent's argument by checking the regulations, specifically the following:

MRAT Part 1: Standards of Assessment

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***

[24] The Board found that the assessments since the last four-year audit were lower than Market Value and could not be changed, but now that the error was brought to the Town's attention, the new assessments had to meet the provincial standard (as measured against other similar properties in the Town of Didsbury) to ensure equity among all assessments.

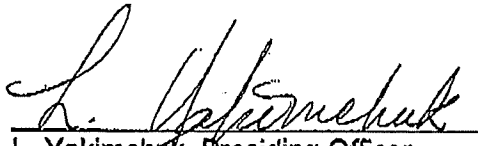
[25] The Board decided that the current assessments accurately reflect Market Value for the assessment period. They are equitable with assessments for similar properties in the Town of Didsbury.

SUMMARY

[26] For the reasons noted above the assessed values of the subject properties are confirmed as follows:

Roll # 1860000: \$176,710 Roll # 1861000: \$341,650

Dated at the City of Red Deer, in the Province of Alberta this 10 day of November, 2012, and signed by the Presiding Officer on behalf of all three panel who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.


L. Yakimchuk, 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

NO.

ITEM

1. A1 (Agenda)
2. C1 (Complainant's Disclosure)
3. R1 (Respondent's Disclosure)

FOR MGB ADMINISTRATIVE USE ONLY

| Decision No. CARB 0088-502/2012 | | | Roll No. 1860000/1861000 | |
|---------------------------------|----------------------|--------------------------|--------------------------|------------------|
| <u>Appeal Type</u> | <u>Property Type</u> | <u>Property Sub-Type</u> | <u>Issue</u> | <u>Sub-Issue</u> |
| CARB | Land | Industrial | Market Value | Equity |