

Central Alberta

Regional Assessment Review Board

Decision No.: CARB 0088-504/2012

Complaint ID: 504

Roll No.: 1862000

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:

MEADOWLARK LAND HOLDINGS INC.

Complainant

-and-

TOWN OF DIDSBURY

Respondent

[1] This is a complaint to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by the Assessor of Red Deer County and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	1862000
MUNICIPAL ADDRESS:	Box 904 Didsbury AB T0M 0W0
ASSESSMENT	\$289,710

[2] This complaint was 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:

- Lowell Grasse, 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] The Assessor, F. Watson, asked the Board not to put any weight on the appraisal by Perry Appraisal dated July 20, 2012 because it was dated after the assessment period.

BACKGROUND

[8] The subject property is 0.65 Acres (A) or 28,314 square feet (sf) of industrial land south of Hwy. 582 in Didsbury, with a 2000 sf improvement (house) and a tent storage structure put in place in 2012. The property has been valued as land plus improvements which are assessed on a modified cost approach. The current assessment for the land is \$175,880 and for the improvements is \$113,830 for a total assessed value of \$289,710. The requested assessment is \$207,070.

ISSUES AND FINDINGS

[9] The Board heard these issues:

1. Do the assessments reflect market value for similar properties in Didsbury?
2. Does location affect the value of the parcel?
3. 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. Do the assessments reflect market value for similar properties in Didsbury?

[10] **Complainant:** The Complainant, Mr. L. Grasse, stated that in 2011 he had purchased an industrial lot (69,696 sf or 1.6 Acre) from the Town of Didsbury for \$3.44/sf. The subject assessment is \$6.21/sf for a 28,314 sf or 0.65 Acre lot. Further, he stated that although the appraisal he presented as part of his evidence package is dated July 2012, over a month after the valuation date, it is more representative of the true market value of the assessed property.

[11] **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 and that the list of sales demonstrated that the larger the lot, the lower the value per sf. Further, he stated that all assessments were calculated using the same table which had been created using the industrial sales for the Town of Didsbury.

[12] **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 subject.

[13] 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
0.65 Acres (<i>Subject Assm't</i>)	\$175,880	\$270,585
1.04 Acres	\$199,000	\$192,212
1.60 Acres	\$240,000	\$150,000

[14] The Board decided that the subject parcel assessment fit into the market sale list, decreasing in value/acre as lot size increased. Therefore, the parcel was assessed at a value which reflected the market value during the assessment period

2. Does location affect the value of the parcel?

[15] **Complainant:** Mr. Grasse argued that the location of the lot in question was not the same as some of the lots used in the market sale comparison. He argued that lots should be compared to other lots in the same area, as the location affects the use of the land and therefore its value.

[16] **Respondent:** Mr. Watson responded by saying that some of the comparable properties in the Complainant's evidence package were on the other side of town and less favourable because of their neighbouring developments, but had higher values than the subject. He also questioned the use of properties in other communities in the study.

[17] **Board Finding:** The Board found that there was insufficient evidence to support modifying an assessment based on the location of the industrial lot within Didsbury.

3. 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?

[18] **Complainant:** The Complainant stated that the subject assessment had almost doubled from the past year and his land value had not doubled. He asked for clarification about why this happened.

[19] **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.

[20] Upon further questioning by the Board, Mr. Watson clarified that the assessments from the previous years since the last audit had remained at historical values and were too low. The previous year's assessment was at 50% of market value, therefore inaccurate. Since 1995, the

Municipal Government Act has mandated that all assessments reflect market value in order to create equity among all taxpayers in the province, who contribute to provincial education taxes through their Municipal land taxes. All Municipalities use the same system for assessment so that properties are assessed similarly, according to the amount they would sell for in their communities.

[21] **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*

[22] 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.

[23] 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

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

Roll # 1862000 \$289,710

Dated at the City of Red Deer, in the Province of Alberta this 15 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)

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Decision No. CARB 0088-504/2012			Roll No. 1862000	
<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