

VILLAGE OF RYCROFT
CENTRAL PEACE COMPOSITE ASSESSMENT REVIEW BOARD

DECISION WITH REASONS

In the Matter of the Municipal Government Act being Chapter M26 of the Revised Statutes of Alberta 2000 (Act)

And in the Matter of an assessment complaint filed with the Village of Rycroft 2011 Assessment Review Board.

Between:

Cyril S. Gurevitch Professional Corporation - Complainant

-and-

Village of Rycroft - Respondent

Before:

J. Schmidt, Presiding Officer

C. Clarke, Member

A. Hubert, Member

This is an assessment complaint decision of the Composite Assessment Review Board from a hearing held in the Saddle Hills County office on December 16, 2011 respecting a property assessment entered in the assessment roll of the Respondent municipality as follows:

Roll No.	505000
Assessed Value	\$72,660
Legal Description	Lot 7 Plan 8922532

Appearances:

Complainant

Cyril S. Gurevitch, Property Owner
Andrew Sinkevich, Witness for the Complainant

Respondent

Dean Cooper, Appointed Municipal Assessor
Gordon Hardy, Municipal Assessor

Assessment Review Board Clerk Dianne Nellis

Background and Property Description

The subject property is a 2.99 acre parcel with a land use designation commercial industrial. This land is part of a subdivision registered in 1989. As of the assessment date all the subdivision development services including final roadway access grading have not been completed. The subdivision is located at and has exposure to the crossroads of two major provincial highways. The subject parcel of land is located in the interior of the subdivision and does not have highway frontage.

The complaint came forward on grounds the parcel of land has no value due to the lack of subdivision services.

Issue

Does the assessment fairly reflect the market value of the subject parcel of land as of the assessment year valuation date?

Legislation

In deciding this matter the particular legislative requirement is considered.

Municipal Government Act

1(1) In this Act,

(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

289(1) Assessments for all property in a municipality, other than linear property, must be prepared by the assessor appointed by the municipality.

(2) Each assessment must reflect

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*
- (b) the valuation and other standards set out in the regulations for that property.*

Matters Relating to Assessment and Taxation Regulation AR 220/2004 (MRAT)

1 In this Regulation,

(f) "assessment year" means the year prior to the taxation year;

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.

*4(1) The valuation standard for a parcel of land is
(a) market value, or ...*

Complainant's Position

The Complainant submitted that the Village of Rycroft entered into an agreement to provide services including road, sewer, water, electrical and other municipal services to properties in the subject subdivision. The Village has defaulted on the agreement and as of the 2010 assessment date none of the services have been completed. Potential purchasers have declined purchasing land in the subdivision pending the availability of these services. As a result in the current state, the land is valueless. In support of this position Exhibit 1C (27 pages) and Exhibit 2C (14 pages) were entered.

It was argued that in this case the selling price of approximately \$25,000 per acre was not equal to market value, since the price could have been set on the basis of speculation or could be considered non-arm's length since the buyer and seller had a close personal friendship. Even though the initial price seemed high, because of the friendship and the prospect of a profit in the future, the \$25,000 price per acre was transacted.

In closing, it was tendered that in the absence of the subdivision services being available for use the land will not trade in the market place. As a result, there is no residual value to the land and the assessment should be reduced to zero.

Respondent's Position

The Respondent submitted that the subdivision in which the subject parcel of land is located, is unique due to its location on the cross roads of two major highways. Five sales which took place between May 2007 and March 2009 indicate a selling price for unserviced parcels ranging from \$25,000 per acre to \$40,000 per acre. The lower price per acre is for off highway parcels with the higher prices being paid for highway frontage lots. The subject 2.99 acre parcel is located off the highway at the back of the subdivision and sold at the lowest value range of some \$25,000.

It was argued that the five sales in the subject subdivision gave a good indication of arm's length transactions and as a result were accepted at the market value for property assessment purposes. In support of the submission Exhibit 1R (2 pages) was presented. In summation it was requested that the sales evidence as submitted should be used to confirm the subject parcel assessment at \$72,660.

Findings

Having given careful consideration to the evidence, argument and facts, which came forward in this case, the Board finds the property assessment at issue fairly represents the market value as of the assessment year valuation date.

Decision

In consideration of this finding the complaint is not allowed for the following reasons.

Reasons

In this case the \$25,000 per acre purchase price was made with the expectation that the parcel could be developed over the next couple of years and with the intention to resell the land for a profit. This expectation and intention is provided in the Complainant's testimony (Exhibit C1 pages 21-22). The Board agrees that the land purchase was speculative in nature as the Complainant submitted. The question remains, was that purchase price a fair measure of market value? The fact that five sales took place in the noted subdivision indicate that more than the Complainant were prepared to speculate on some future positive reward pending full services of the subdivision. Realtor, John Krol, in his written statement (Exhibit C1 page 24a) indicates that fully served land in the subject location would list in the range of \$75,000 to \$85,000. While this same realtor suggested a \$12,000 per acre value for the unserved land, the fact remains there were five sales which took place in the range of \$25,000 to \$40,000 per acre.

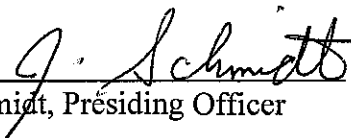
Based on the evidence, the board cannot accept the Complainant's submission that the parcel of land under complaint has no value. The best evidence in this case is the actual sale indicators and therefore the Respondent's position that for property assessment purposes, those sales should be used in the estimate of market value.

The assessment is therefore confirmed at \$72,660.

It is so ordered.

No cost to either party.

Dated at the City of Edmonton, in the Province of Alberta this 13th day of January 2012.



Jack Schmidt, Presiding Officer

An appeal may be made to the Court of Queen's Bench in accordance with the Municipal Government Act as follows:

470(1) An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

470(2) Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

470(3) An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*