

**IN THE MATTER OF A COMPLAINT** filed with the Regional Municipality of Wood Buffalo Local Assessment Review Board (LARB) pursuant to Part 11 of the *Municipal Government Act* being chapter M-26 of the revised statutes of Alberta 2000.

**BETWEEN:**

T. Piche and T. Joseph – Complainant

- and -

Regional Municipality of Wood Buffalo (RMWB) – Respondent

**BEFORE:**

R. Carruthers, Presiding Officer

A. McKenzie, Member

S. Odemuyiwa, Member

Staff:

S. Soutter, Clerk

A. Hawkins, Clerk

**BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT**

[1] A hearing was convened on Thursday, September 13, 2018, in the Regional Municipality of Wood Buffalo in the Province of Alberta to consider a complaint about the revised assessment of the following property:

<b>Assessment Roll Number</b>	8340888480
<b>Civic Address</b>	6622 Draper Road
<b>Owner</b>	T. Piche; T. Joseph
<b>File Number</b>	ARB 18-005

[2] The subject property is rural residential property consisting of a 3,404 square foot bungalow with a 864 square foot attached garage which have been under construction since 2015 and which are situated on a 2.479 acre lot with no topography issues.

### **PROCEDURAL MATTERS**

[3] The LARB derives its authority to make decision under Part 11 of the *Municipal Government Act*, R.S.A. 2000, c. M-26.

[4] The parties confirmed that they had no objections to the composition of the Board.

[5] The Board confirmed it had no bias in relation to the matters.

### **PRELIMINARY MATTERS**

[6] There were no preliminary matters raised.

### **ISSUES**

<b>Issue identified on the complaint form</b>	<b>Assessment Amount</b>	<b>Requested Value</b>
An Assessment Amount	\$885,810 (revised)	\$500,000

### **MERIT MATTERS**

#### ***Position of the Complainant***

[7] The Complainant confirmed their position appealing the revised assessment of a building still under construction.

[8] The Complainant indicated that at the time of assessment, there was no siding or soffit on the house; the drywall was partially done, there was no flooring, there were only fireplace inserts; the driveway was only partially graveled, no landscaping was done to the property; there was no deck, and the market value was down.

[9] The Complainant confirmed that in consultation with the assessor, the assessment was revised from \$1,206,476 to \$855,810, however they do not feel either amounts reflect the value of the house, still under construction, at the time of assessment.

[10] The Complainant referred to the Percentage Completed tally sheet contained in Exhibit C4, which is the formula used by CMHC (Canadian Mortgage and Housing

Corporation) as well as banks to calculate the percentage of completion on a house.

[11] The information as entered in this form resulted in a 49% completion rate for the house.

[12] The Complainant brought into evidence the assessment for 6725 Draper Road, in the amount of \$1,080,280 as proof of what the assessment for the completed house should be, stating the subject property is on a much smaller lot and still under construction but is being assessed at \$1.2M.

[13] The Complainant provided MLS listings for two properties dated September 2018 with listing prices of \$859,900 and \$639,900 for 6214E Draper Road and 5407 Draper Road respectively, Exhibit C3.

[14] The Complainant noted that in 2017 the subject property was appraised at \$614,000, and now, the current assessment of \$1.2M has been adjusted to \$885,000.

[15] The Complainant concluded that the 2018 assessment of their current residence at 6725 Draper has come down while the assessment of 6622 Draper Road which is still under construction, has gone up.

### ***Position of the Respondent***

[16] The Respondent briefly spoke to the definition of assessment, the mass appraisal methodology and the appraisal process.

[17] The Respondent identified three Approaches to Value - Sales Comparison Approach, the Income Approach and the Cost Approach, indicating that Rural residential properties within the Regional Municipality of Wood Buffalo are assessed utilizing the Cost Approach. The Cost Approach is used instead of the Direct Sales comparison approach when significant sales of similar properties are limited or non-existent in the subject neighbourhood.

[18] The Respondent presented the subject property consist of a 2.479 acre lot with no topography issues. The improvements consist of a 3,404 square foot bungalow with a 865 square foot attached garage, which have been under construction since 2015.

[19] The Respondent confirmed the Complainant contacted the Assessment Department in March 2018 to enquire about the 2018 assessment. An interior inspection of the property was conducted, and it was deemed that the home and attached garage

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were not complete, resulting in a decrease in the percentage complete of both to 61% for the condition date of December 31, 2017.

[20] A revised assessment notice of \$885,810 was issued on March 28, 2018, indicating that the new assessment consist of

Land Value	- \$349,755
Improved Value	- \$536,055

[21] The Respondent provided a table of four comparable land sales which occurred between July 1, 2016 and July 1, 2017, taken from the rural residential market areas.

[22] The Respondent submitted that the value of the improved portions of the property (bungalow and attached garage), were calculated utilizing the Percentage Distribution Table of the 2001 Provincial Cost Manual. The cost value of the home and garage at 61% complete was added to the land value to obtain the 2018 revised assessment.

[23] The Respondent presented that the home being at 61% complete does not include siding; drying, flooring, fireplaces or interior finish. In addition, the Municipality does not assess driveways, landscaping or decks.

[24] The Respondent submitted that the three homes used as comparables by the Complainant are all nine to ten years older than the subject property which began construction in 2015.

[25] The Respondent further submitted that the 1,835 square foot home with an attached garage and a 1,227 square foot bungalow with an attached garage, situated at 6214E Draper Road and 5407 Draper Road are not comparable to the 3,404 square foot bungalow with a triple attached garage. Both homes are less valuable from a replacement cost perspective due to size, quality of materials, as well as age.

[26] The Respondent however did agree that the lots are comparable in size and their assessment values are similar but offered the Complainant has not provided evidence to support the requested assessment of \$500,000.

[27] The Respondent concluded that the subject property was assessed using the Cost Approach to value which is consistent with the assessment approach for all rural residential properties within the Regional Municipality of Wood Buffalo. The bungalow and attached garage were both assigned 61% complete for the condition date of December 31, 2017.

[28] The Respondent reiterated its position that using the Cost Approach to value reflects the correct value for the property and requested that the Board confirm the revised assessed value of \$885,810.

[29] At the time of questioning the Complainant indicated he had not received the Assessment Brief Exhibit R1, however, following a brief recess, the Board conferred with the Complainant if he needed time to review the documents. The Complainant confirmed that they had a chance to check their email, acknowledged the oversight on their part and agreed to proceed without delay.

### **DECISION**

[30] It is the Decision of the LARB to confirm the revised assessment of \$885,810.

### **REASON FOR DECISION**

[31] In coming to its conclusion, the Board reviewed carefully the provisions of the *Municipal Government Act* (“MGA”), the *Matters Relating to Assessment Complaints Regulation* (“MRAC”) and the *Matters Relating to Assessment and Taxation Regulation* (“MRAT”).

[32] The Board agreed that the assessment of the land is acceptable to both parties while the difference of opinion relates to the revised assessment of the improvements on the land.

[33] The Board agreed that the Complainant provided only real estate listings as opposed to actual sales data, therefore the Board placed little weight on the listings evidence. In addition, the only sale referenced by the Complainant did not fall within the legislated valuation date of July 1st.

[34] With respect to the determination of percentage complete, although the Board understood the calculation used by the Complainant, heavier weight was given to the calculation provided by the Respondent based on the use of the Alberta 2001 Residential Cost Manual - Residential Component Percentage Distribution Table. Had the Complainant provided details on the actual cost of building to date to show the cost associated with the construction to date e.g. receipts, the Board would have had evidence to consider in proving the assessment is incorrect. In the absence of such evidence or any evidence to support the requested \$500,000 valuation, the Board is satisfied that the revised assessment is fair and equitable.

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[35] It is so ordered.

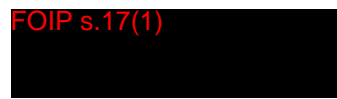
**DISSENTING OPINION**

[36] There was no dissenting opinion.

[37] The decision of the Local Assessment Review Boards is final and binding on all parties, subject only to appeal to the Court of Queen's Bench on a question of law or jurisdiction with respect to the decision in accordance to section 470 of the *Municipal Government Act*, R.S.A 2000, c. M-26.

Dated at the Regional Municipality of Wood Buffalo in the Province of Alberta, this  
5<sup>th</sup> day of October 2018.

FOIP s.17(1)



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Ross Carruthers, Presiding Officer

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**APPENDIX A**

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DOCUMENTS RECEIVED AND CONSIDERED BY THE LARB

<b>Exhibit Number</b>	<b>Description</b>
C1	Covering Letter re Draper Road (1 page)
C2	Proof of Assessment – 6725 Draper Road (2 pages)
C3	Personal Comparable (2 pages)
C4	Photos showing construction (9 pages)
R1	Assessment Brief (10 pages)
R2	Assessor's Exhibits (14 pages)

**APPENDIX B**

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REPRESENTATIONS

<b>Person Appearing</b>	<b>Capacity</b>
Tony Piche	Complainant
Tina Joseph	Complainant
Dawn Robichaud	Assessor
Barry Campbell	Assessment Supervisor