

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:

D. Murray – Complainant

- and -

Regional Municipality of Wood Buffalo (RMWB) – Respondent

BEFORE:

K. Haxton, Presiding Officer

J. Gogo, Member

N. Mahgoub, Member

Staff:

D. Soucy, Clerk

BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

[1] A hearing was convened on August 29, 2019 in the Regional Municipality of Wood Buffalo in the Province of Alberta to consider a complaint about the assessment of the following property:

Assessment Roll Number	8340000140
Civic Address	7701 Draper Road Fort McMurray, AB
Owner	David Murray
File Number	ARB 19-022

[2] The subject property is located in Draper, consisting of a one-story modular home without a basement situated on an approximately 10-acre lot

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 Respondent confirmed that they had no objection to the composition of the Board.

[5] N. Mahgoub, Board Member submitted that he had recently completed work contracted by the Complainant; however, noted that it did not involve any work related to the assessed value of the subject property or the assessment Complaint. N. Mahgoub stated that he had no bias in relation to the matters and this statement was accepted by the Respondent.

[6] The remainder of the Board confirmed it had no bias in relation to the matters.

PRELIMINARY MATTERS

[7] There were no preliminary matters raised.

ISSUES

Issue identified on the complaint form	Assessment Amount	Requested Value
An Assessment Amount	\$395,380	\$235,000

MERIT MATTERS

Position of the Complainant

[8] There was no one present on behalf of the Complainant.

[9] The Board recognized the Complaint Form submitted by the Complainant and entered the document as Exhibit C1.

[10] The Board acknowledged the additional supporting documentation within Exhibit C1, which was an appraisal of the subject property located at SW Section 33 TP 88, Range 8, West of the 4th Meridian prepared by Chalifour Denis & Associates in January 2019.

Position of the Respondent

[11] The Respondent provided an overview of property assessment valuation, the mass appraisal methodology, and land valuation using the sales comparison approach, noting that the subject property was valued using the sales comparison approach (Exhibit R1).

[12] The Respondent presented that the subject property is an approximately 10-acre lot located in Draper on the slope side of Draper Road. The only improvement is a one-story basementless modular unit with 468 square feet with 1980 as the effective year built. The property is in a Country Residential (CR) district and it has been cleared of some trees, with a road and electricity to the lot. The Respondent referenced an aerial photo of the lot (Exhibit R2).

[13] The Respondent submitted that the subject property was purchased in January 2013 by David and Jennifer Murray for \$310,000, which the Assessment Department coded as a valid sale. Over the next 5 years, the property was improved with a road, electricity and a level building site.

[14] The Respondent further submitted that the property was transferred in October 2018 for \$225,000 when Jennifer Murray was removed from the title (Exhibit R2). This transfer was coded by the Assessment Department as a non-arm's length sale due to the related parties involved.

[15] The Respondent noted that the appraisal of the subject property submitted by the Complainant (Exhibit C1) was effective January 18, 2019 and all comparable properties listed in the appraisal were all sold past the legislated July 1, 2018 valuation date. The Respondent also noted that the appraisal was for financing of a residential home that did not exist on the lot.

[16] The Respondent presented the Assessment Summary of the subject property noting that the improvement value is only \$28,897 of the total assessed value of \$395,380 (Exhibit R1).

[17] The Respondent provided an overview of the principle of highest and best use, which means that the market value of a property depends on the potential use rather than the current use alone. The principle is most obvious in the case of vacant land which commands value based on potential use, and the more profitable the potential use, then the higher the demand and market value (Exhibit R1).

[18] The Respondent further submitted that the highest and best use of the subject property is a single-family residence; therefore, it should be compared with other land

located in the Rural Service Area that is purchased with the intention of building a residence on the lot.

[19] The Respondent presented a table of three comparable sales, which occurred between April 2013 and June 2017, of rural vacant residential land located on the sloped side of Draper Road with similar topography to the subject property, noting that the subject property falls below the comparable properties in assessed value per square metre (Exhibit R1 and R2).

[20] The Respondent concluded that as the Complainant did not provide any comparable sales that occurred within the legislated time frame, there is no evidence to support the requested assessed value. The Respondent reiterated that the assessed value of the subject property was based on actual sales of similar properties that occurred prior to the legislated valuation date of July 1, 2018, and that the assessment was adjusted for attributes that impact market value.

[21] The Respondent requested that the Board confirm the assessed value for the subject property at \$395,380 as proven by the comparable sales data provided.

[22] The Respondent confirmed that they had a fair opportunity to present their case to the Board.

DECISION

[23] It is the Decision of the LARB to confirm the assessment of \$395,380.

REASON FOR DECISION

[24] In coming to its conclusion, the Board has 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”).

[25] The Board agreed with the Respondent that appraisal of the subject property submitted by the Complainant (Exhibit C1) was effective January 18, 2019, and was for financing of a residential home that did not exist on the lot at that time; therefore, the Board could not consider this as evidence as only the physical condition of the property as of December 31, 2018 can be considered.

[26] The Board agreed with the Respondent that the property sales listed in the appraisal of the subject property (Exhibit C1) were past the valuation date of July 1,

2018; therefore, the Board could not consider this evidence as only sales prior to July 1, 2018 can be considered.

[27] The Board accepted the Respondent's comparable sales data (Exhibit R1 and R2), which utilized sales of comparable rural residential properties within Draper that occurred prior to the valuation date of July 1, 2018 to determine the assessed value of the subject property.

[28] It is so ordered.

DISSENTING OPINION

[29] There was no dissenting opinion.

[30] The decision of the Local Assessment Review Boards is final and binding on all parties. This decision may be judicially reviewed by the Court of Queen's Bench pursuant to Section 470(1) of the *Municipal Government Act, RSA 2000, c M-26*.

Dated at the Regional Municipality of Wood Buffalo in the Province of Alberta, this
19th day of September, 2019

FOIP s.17(1)

K. Haxton, Presiding Officer

APPENDIX A

DOCUMENTS RECEIVED AND CONSIDERED BY THE LARB

Exhibit Number	Description
C1	Complaint Form (30 pages)
R1	Respondent's Disclosure (18 pages)
R2	Respondent's Appendix (8 pages)

APPENDIX B

REPRESENTATIONS

Person Appearing	Capacity
S. Bosgra	Assessor, Regional Municipality of Wood Buffalo