

An aerial photograph of a residential area, likely a village, with a road running diagonally through the center. The houses are clustered together, and there are green fields and some trees around the perimeter. The text is overlaid on this image.

Village of Hay Lakes

Assessment Report
April 2022

Mike Krim, Tanmar Consulting Inc.

Assessment vs Taxation

- Assessment
 - Assigning a dollar value to a property for taxation
 - Value can either be market value or a regulated value
- Taxation
 - Applying a tax rate to an assessment value to determine the property taxes payable
 - Taxation is the primary source of revenue for a municipality
- Although one impacts the other, assessment and taxation are 2 distinct and independent processes

Who governs assessment?

- Alberta Municipal Affairs
 - They provide all of the legislation regarding property assessment and taxation in Alberta
 - Municipal Government Act
 - Matters Relating to Assessment and Taxation Regulation
 - Matters Relating to Assessment Complaints Regulation
- Municipal Affairs also provides the oversight of the assessment through yearly audits
 - Ensures rules and regulations are followed
 - Ensures fairness and equity in the assessments

Valuation Standards

- There are 2 valuation standards in Alberta
 - 1. Market Value Standard
 - Used for the majority of properties
 - Considered the most fair and equitable method
 - Most taxpayers can relate to the value of their property
 - Easy for assessors to work with
 - 2. Regulated Procedure Standard
 - Used for certain properties that are difficult to assess using market value (rates are provided by Municipal Affairs)
 - Farmland
 - Machinery and Equipment
 - Designated Industrial Property (linear, etc)

Market Value Standard

- Market Value Defined:
 - 'Market Value' is the price a property might reasonably be expected to sell for if sold by a willing seller to a willing buyer after appropriate time and exposure in an open market
- Assessments and Sales prices
 - It is sometimes assumed that an assessment should equal a recent sale price. This is an incorrect assumption.
 - The sale might not have occurred in the assessment year or the date on which the property was valued
 - The buyer or seller may have been unduly motivated
 - The sale may have involved a trade, personal property, etc.
 - Assessors gather information on ranges of sales prices for assessing property

Preparing Assessments

- Property that is assessable
 - A parcel of land
 - An improvement (ie: a building)
 - A parcel of land and the improvements to it
- Assessors use 'Mass Appraisal'
 - This is the process of valuing large groups of properties as of a given date, using common data, mathematical models, and statistical tests
 - The focus is on the larger group, not on a specific property

Preparing Assessments (continued)

- Data Collection
 - Assessors collect data through site inspections, blueprints, written request, etc
- Data Elements
 - Residential properties
 - Land area, building size, location, # of bathrooms, age, basement finish, fireplaces, renovations, etc
 - Non-Residential properties
 - Land area, building size, location, age, fencing, paving, etc
 - Income data

Preparing Assessments (continued)

- How often is property assessed?
 - All properties are adjusted yearly for changes in market value or for changes to the regulated rates (ie: machinery and equipment assessments)
 - 20% of properties are inspected annually (to identify renovations, additions and deletions, etc)
 - New construction is inspected as it is built and monitored until completion

Property owner rights

- Right to assessment information
 - Through direct contact with the assessors
 - Through Tanmar Consulting Website (tanmarconsulting.com)
 - Through Village of Hay Lakes
- Right to make a complaint against the assessment
 - Following steps are recommended to the owner
 - Compare assessment with other similar property
 - Talk to the assessor – issues can often be resolved in this fashion
 - If still not satisfied, fill out a complaint form (available at the Village office) and pay the appropriate fee
 - Prepare for and attend an Assessment Review Board (ARB) hearing.

Assessment Review Boards

- Quasi-judicial administrative board
 - Created, empowered and staffed according to the legislation laid out in the Municipal Government Act
 - Like a court – the Board can order something to be done, such as a change to the assessment of a property
- Any decisions by the board are for the current year only

Property Taxes

- A property's share of taxes will change each year for a combination of 2 reasons
 - There is a change in the annual budget requirements (municipal and/or school)
 - A particular property assessment changed more or less than the average

The Primary Goal

- A level of market value, and fair process, across all properties....not a pin-pointed single appraised value
- If everyone's assessment value is calculated using the same uniform methods and techniques, while using sales within the municipality as a benchmark....then a level of market value will be achieved and the tax distribution should be fair and equitable

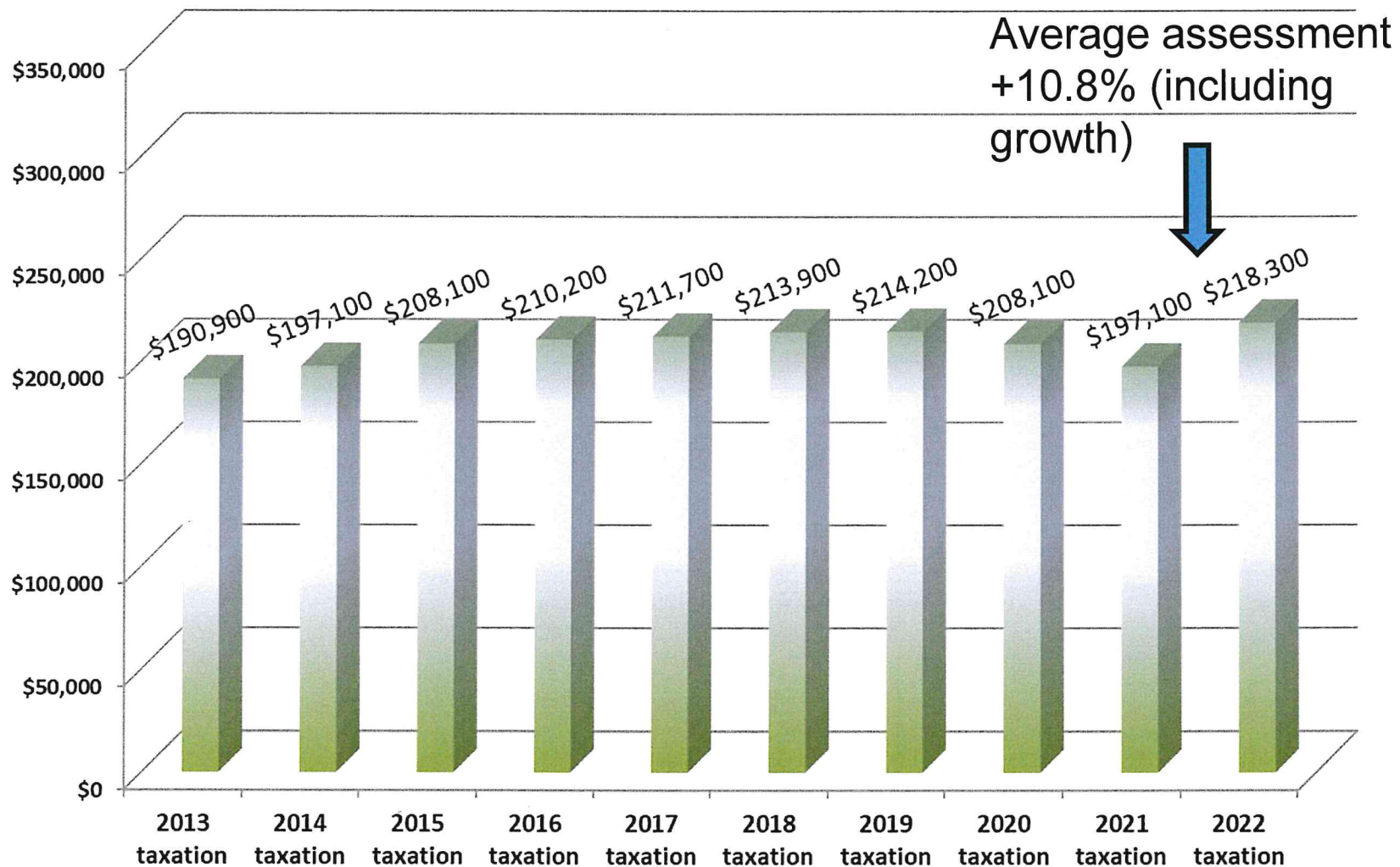
Hay Lakes Assessment Overview

Important Dates

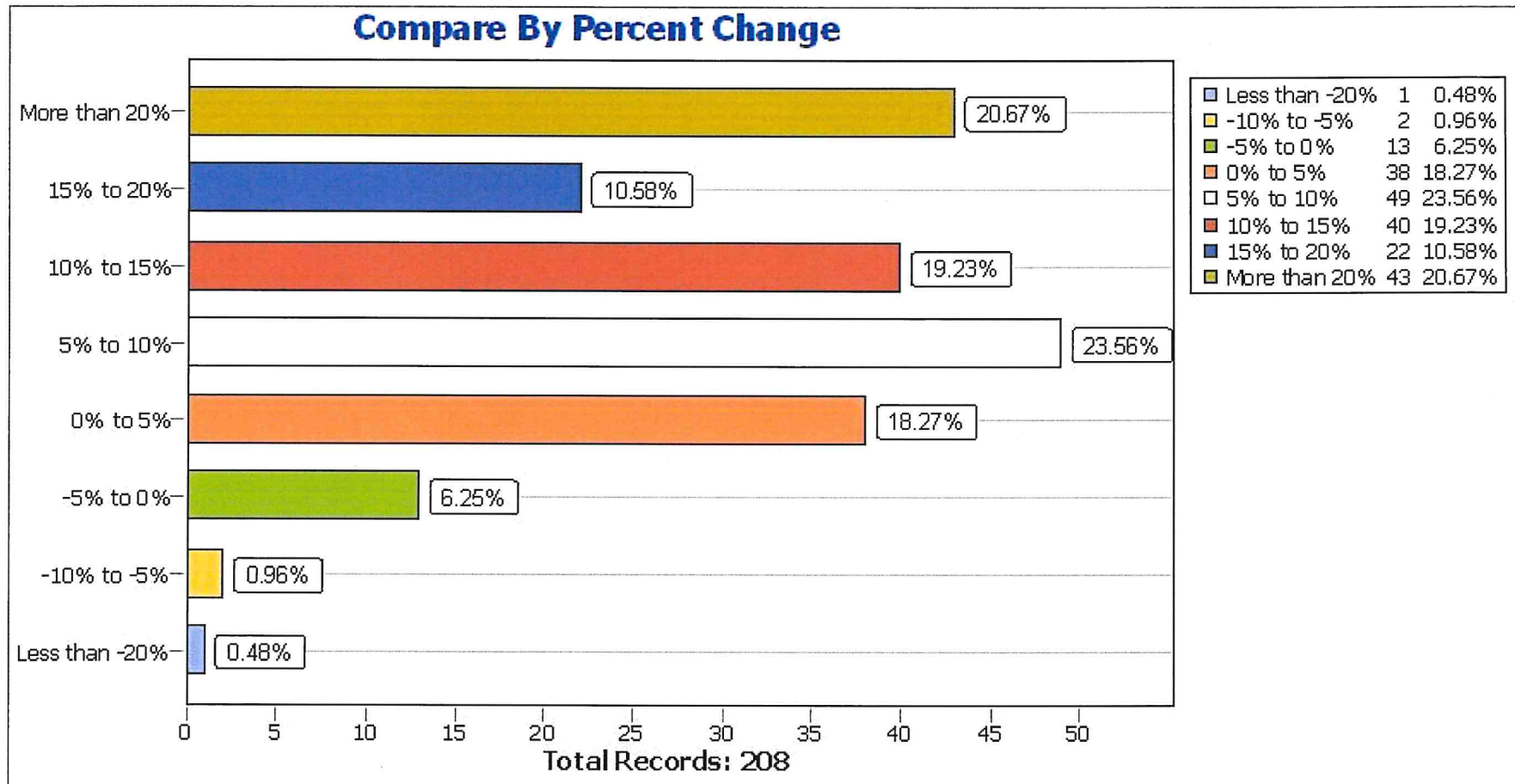
- Valuation Date
 - July 1, 2021 – all properties using the ‘market value standard’ are assessed as of this date
- Condition Date
 - December 31, 2021 – all properties must reflect their physical condition as of Dec. 31, 2021

Residential Single Family

(average market change of +5.4%)



Single Family - Overall



Examples

- Single Family
 - Was assessed at \$252,400
 - Sold for \$368,000
 - Now assessed at \$318,000 (+26%)



Examples

- Single Family
 - Was assessed at \$210,000
 - Sold for \$257,500
 - Now assessed at \$249,800 (+19%)



Examples

- Single Family
 - Was assessed at \$172,100
 - Sold for \$220,000
 - Now assessed at \$202,400 (+17.6%)



Examples

- Single Family
 - Was assessed at \$200,200
 - Sold for \$281,000
 - Now assessed at \$260,300 (+30%)



Examples

- Single Family
 - Was assessed at \$253,700
 - Sold for \$297,500
 - Now assessed at \$293,000 (+15.5%)



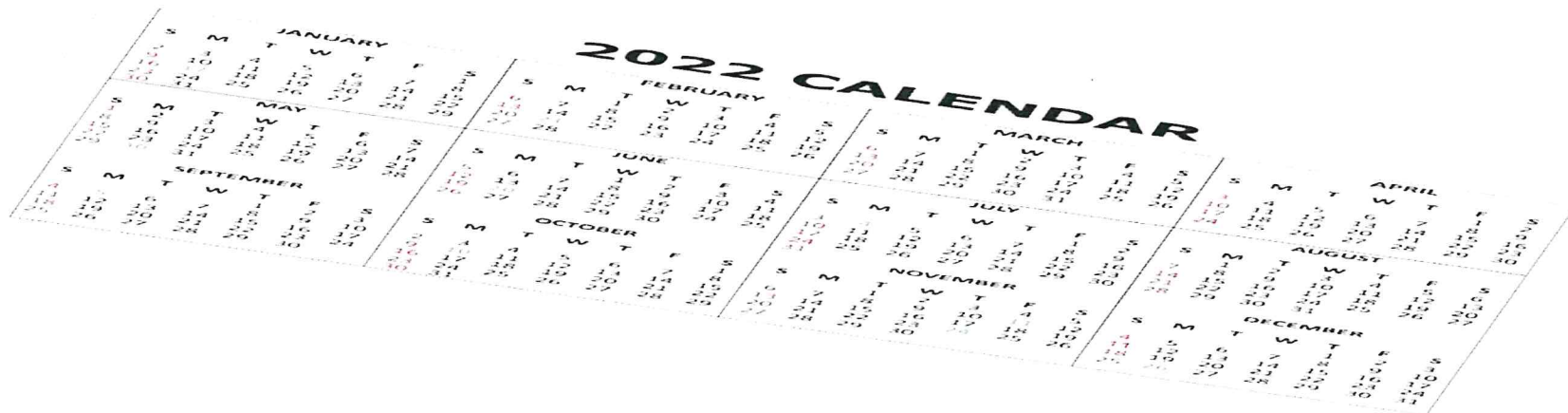
Assessment Growth

- Residential
 - 1 new house
 - 1 new detached garage
 - Growth from inspections and overall review



What's Next?

- Property Tax Bylaw
- Mailing of assessment notices
 - Inquiries, inspections, ARB
- Start next assessment cycle
 - RFIs, inspections



Additional Information

- Website Links

- “Guide to Property Assessment and Taxation in Alberta”
 - Available at open.alberta.ca/publications/isbn-9781460137079
- Tanmar Consulting Inc.
 - www.tanmarconsulting.com