

Why does my assessment not match my sale price?

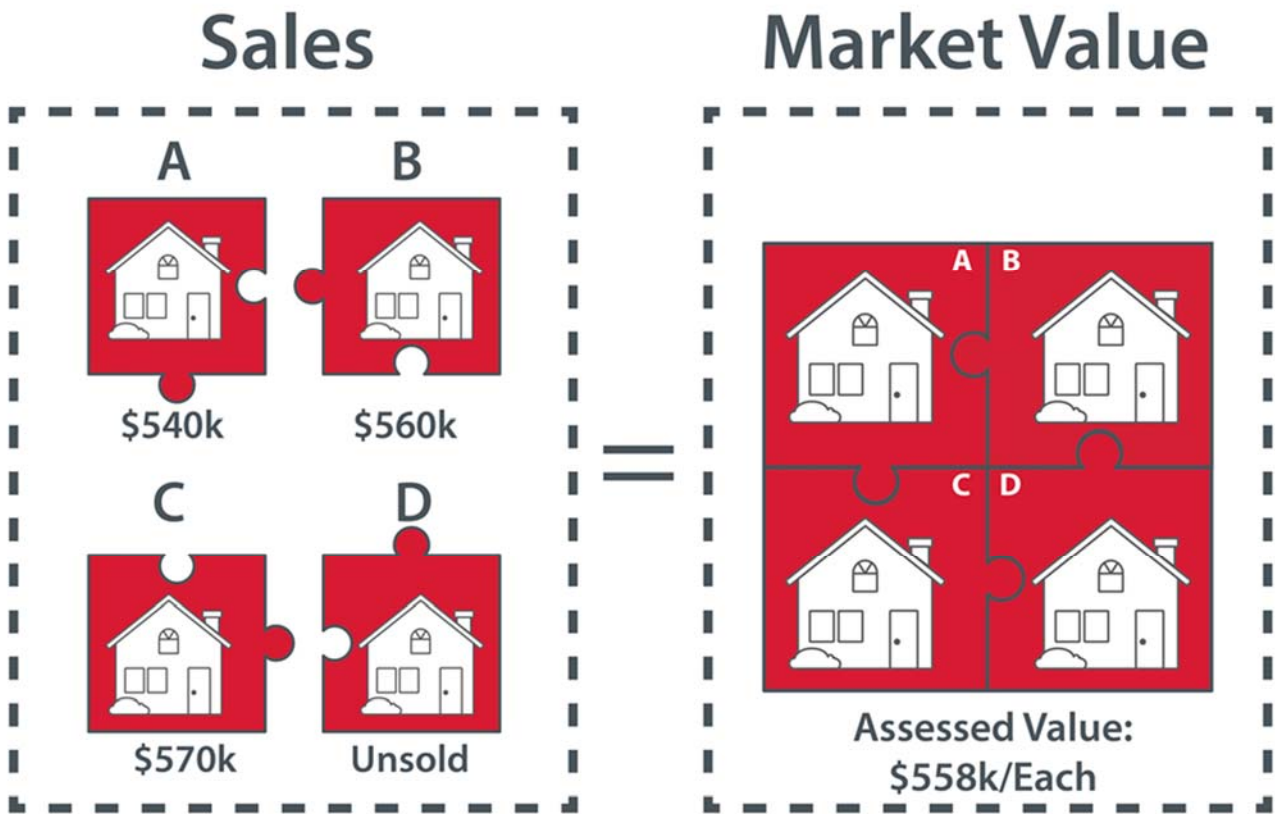


This is one of the most common themes The City of Calgary hears. So why does my current assessment not match the sale price of my home? Your property assessment reflects the **market value** of your property – the amount it would **likely** have sold for on the open market – as of July 1st of the previous year.

This “likely” value is determined in two steps: (1) looking at many sales to find the typical value for various factors of a home; e.g. above grade square footage or land size. Then (2) applying these typical values to your home’s factors to get a typical, or “likely” value. This process is called “mass appraisal” and is the legislated method of preparing assessments in Alberta. When assessments are prepared using mass appraisal, more often than not, the sale price of a property will not equal the assessed value of that property. It is important to know that one sale does not make a market.

What does “one sale does not make a market” mean to me?

Market value is the value determined by the collective actions of the market and represents a range of values. While sale prices of identical properties can differ, market value assessments of identical properties should be the same. This is illustrated below.



Here's a real example of market value representing a range of values:



Property	Property 1	Property 2	Property 3	Property 4	Property 5
Community	Same	Same	Same	Same	Same
Proximity	Within 1 km	Within 1 km	Within 1 km	Within 1 km	Within 1 km
Structure Type	2 Storey	2 Storey	2 Storey	2 Storey	2 Storey
Quality	Same	Same	Same	Same	Same
Above Grade SF	2,131 SF	2,135 SF	2,131 SF	2,157 SF	2,041 SF
Below Grade SF	0 SF	0 SF	0 SF	0 SF	600 SF
Garage Area	500 SF	500 SF	500 SF	500 SF	430 SF
Lot Size	4,252 SF	4,136 SF	3,904 SF	3,904 SF	3,749 SF
Year of Construction	2010	2010	2010	2010	2010
Renovations	None	None	None	None	None
Influences	None	None	None	None	None
Sale Date	Similar*	-	Similar*	-	Similar*
Actual Sale Price	\$521,500	-	\$575,000	-	\$550,000
Assessment	\$546,500	\$545,500	\$541,500	\$544,500	\$543,500

*Sold within the same 3 month period



- If the sale price can only be the assessed value, then how will properties that have not sold recently be assessed?
- Should homes that have not sold recently be assessed based on the sale price of one home, but not the sale price of another essentially identical home?
- Should similar homes have similar assessments?

All of these questions are resolved by using many sales to determine typical factors rather than just automatically assuming that the sale price should be the assessed value. The use of mass appraisal establishes fairness and equity between assessments and property owners.

