

## Property Assessment Process

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### Background

Property assessment is the process of assigning a dollar value to a property for taxation purposes. In Alberta property is taxed based on the ad valorem principle. Ad valorem means “according to value.” This meant the amount of tax paid is based on the value of the property. Property assessment is the method used to distribute the tax burden among property owners in a municipality. Changes in market value do not automatically increase or decrease taxes, however, as different property types can be affected by market forces differently, the assessed values (and the way they change from year to year) can have a material impact on how that tax-supported budget is distributed among taxpayers.

“Assessment” is the process of estimating a dollar value on a property for taxation purposes. This value is used to calculate the amount of taxes that will be charged to the owner of the property.

“Taxation” is the process of applying a tax rate to a property’s assessed value to determine the taxes payable by the owner of that property.

The Municipal Government Act (MGA) gives direction to Alberta municipalities in the areas of governance and administration, planning and development, and assessment and taxation.

### The Assessment Process

The estimated value of each property comes from the measurement, analysis and interpretation of the real estate market and is governed by the Municipal Government Act (MGA). This process is based on mass appraisal which is designed to establish fairness and equity between assessments and property owners as the legislated method of preparing assessments in Alberta.

An annual property assessment reflects the estimated market value of a property (the amount a property likely would have sold for on the open market) as of July 1 of the year prior, and the characteristics and conditions of the property as of December 31 of the year prior, as set by the MGA. Market changes that have occurred since July 1 of the previous year would be reflected in the following year’s assessment. Changes to the physical characteristics of a property that have occurred since December 31 of the previous year would also be reflected in the following year’s assessment.

To determine market value, Assessment uses one of three industry accepted approaches to value:

**Sales comparison:** comparing to sales of similar properties

**Income:** capitalize the income being generated by the property

**Cost:** land value, plus the depreciated replacement cost of the improvement

All three approaches to determine market value involve extensive data collection, data verification, statistical analysis and testing. To ensure property information is up-to-date and accurate, Assessment sends out requests for information annually and conducts inspections as necessary. Assessment also collects and analyzes large volumes of sales and income information which is used to measure market conditions.

Through extensive analysis, Assessors develop mass appraisal models that are designed to produce market value assessments that reflect typical market conditions for different groups of properties as of the valuation date. The assessed values go through internal checks and balances and a provincial audit before the assessment roll is declared and the assessment notices can be mailed.

### Customer Consultation

Pre-Roll Consultation Period (Pre-Roll) is a time when non-residential and multi-residential property owners and their representatives can review their preliminary property assessments and discuss those with assessors, before they are finalized and mailed in January. For the 2022 Assessment Year, the Pre-Roll program runs from 2021 Thursday, Oct. 1 – Friday, Nov. 5.

Each January, after the annual property assessment notices are mailed Assessment offers the Customer Review Period (CRP) to help property owners understand their property assessment. During this period property owners are encouraged to review their property assessment and if necessary, contact Assessment. Assessors work collaboratively with owners to explain the process and discuss real estate information used in determining their property’s assessed value. In addition, Assessment will change an assessment if new, relevant information is brought forward, regardless of the time of year.

### 2022 Assessment Timeframe

The annual assessment cycle is driven by legislated dates. Following the mailing of the annual assessment notices, there is a legislated 60-day period in which property owners have to review their assessments and file complaints with the Assessment Review Board (our “Customer Review Period”). The Pre-Roll dates are not legislated and can vary in length and timing from year to year.

The 2022 Assessment Timeframe:

