



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
EDMONTON AB T5J 2R7
(780) 496-5026 FAX (780) 496-8199

NOTICE OF DECISION NO. 0098 151/10

Canadian Valuation Group
Suite 1200, 10665 Jasper Avenue
Edmonton, AB T5J 3S9

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on August 9, 2010 respecting a complaint for:

Roll Number 3195807	Municipal Address 10752 Jasper Avenue NW	Legal Description Plan: NB Block:7 Lot: 92
Assessed Value \$1,443,500	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Dean Sanduga, Presiding Officer
Terri Mann, Board Member
Brian Frost, Board Member

Board Officer: Alison Mazoff

Persons Appearing: Complainant

Peter Smith, CVG

Persons Appearing: Respondent

Ning Zheng, Assessor, City of Edmonton

PRELIMINARY MATTERS

Neither party objected to the Composition of the Board, nor did the Board indicate any bias.

BACKGROUND

The subject is a retail building built in 1947. It is 3,390 square feet and situated on a site comprising of 8,000 square feet. The subject is located on Jasper Avenue in the downtown quadrant of the City of Edmonton. It has an effective zoning of CB2.

The City of Edmonton used the direct sales comparison approach to assess the subject property for 2010. The City valued the building nominally at \$500 and the land at \$1,443,000.

ISSUES

The Complainant raised the following issues:

1. The assessment amount shown on the Annual Realty Assessment Notice for 2010 is incorrect as it is greater than the July 1, 2009 market value of this property and is inequitable in relation to the 2010 assessments of similar properties.
2. The 2010 assessment equates to a substantially higher land value for the subject property than the values derived from sales of similar downtown land parcels.
3. The capitalized income approach to value results in a lower value than the current assessment.

Issues 2 and 3 are subsumed in the issue as to whether the assessment reflects market value, in considering comparable sales of downtown land parcels.

LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

s.467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

s.467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- a) the valuation and other standards set out in the regulations,
- b) the procedures set out in the regulations, and
- c) the assessments of similar property or businesses in the same municipality.

Matters Relating to Assessment and Taxation Regulations, Alta. Reg. 220/2004, [MRAT].

s.1 In this Regulation,

- (i) “farming operations” means the raising, production and sale of agricultural products and includes
 - (i) horticulture, aviculture, apiculture and aquaculture,
 - (ii) the production of horses, cattle, bison, sheep, swine, goats, fur-bearing animals raised in captivity, domestic cervids within the meaning of the *Livestock Industry Diversification Act*, and domestic camelids, and
 - (iii) the planting, growing and sale of sod;

s. 4(1) The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

(2) In preparing an assessment for a parcel of land based on agricultural use value, the assessor must follow the procedures set out in the Alberta Farm Land Assessment Minister’s Guidelines.

(3) Despite subsection (1)(b), the valuation standard for the following property is market value:

- (a) a parcel of land containing less than one acre;
- (b) a parcel of land containing at least one acre but not more than 3 acres that is used but not necessarily occupied for residential purposes or can be serviced by using water and sewer distribution lines located in land that is adjacent to the parcel;

- (c) an area of 3 acres located within a larger parcel of land where any part of the larger parcel is used but not necessarily occupied for residential purposes;
- (d) an area of 3 acres that
 - (i) is located within a parcel of land, and
 - (ii) can be serviced by using water and sewer distribution lines located in land that is adjacent to the parcel;
- (e) any area that
 - (i) is located within a parcel of land,
 - (ii) is used for commercial or industrial purposes, and
 - (iii) cannot be serviced by using water and sewer distribution lines located in land that is adjacent to the parcel;
- (f) an area of 3 acres or more that
 - (i) is located within a parcel of land,
 - (ii) is used for commercial or industrial purposes, and
 - (iii) can be serviced by using water and sewer distribution lines located in land that is adjacent to the parcel.

POSITION OF THE COMPLAINANT

The Complainant's position is that the 2010 assessment of the subject is incorrect, because it is substantially higher than the values derived from sales of downtown land parcels. In this regard, the Complainant has provided a list of nine comparable sales, dated between April 2007 – November 2009, to support his position that the subject assessment is excessive. The Complainant has provided supporting documentation for the sales upon which he relies (C-1, p.1, p.4-12).

The Respondent did not provide supporting documentation for the sales comparables upon which he relied. The Complainant noted that he was disadvantaged in his examination of the Respondent's evidence as a result of this omission. Further, in his rebuttal (C-2), the Complainant noted that he did attempt to verify the Respondent's sales data, but could not locate sales # 1,2,3,5 and 7 on the commercial land sales database from the City of Edmonton Assessment Department (C-2). For this reason, the Complainant was of the position that the Board ought not to rely upon these sales.

The Complainant indicated that this property is an income-producing property, and notwithstanding the City of Edmonton's methodology for valuating the subject, the Complainant placed reliance on the Income Approach. The Complainant noted the actual net operating income for the subject property was \$71,082 which, when capitalized at a rate of 7.5% resulted in a value of \$948,000. The Complainant's position is that the assessment ought to be revised.

Based upon consideration of his sales comparables and Income Approach, the Complainant requested a revised land value of \$125.00 per square foot for the subject, or \$975,000.

POSITION OF THE RESPONDENT

The Respondent's position is that the 2010 assessment of the subject is both fair and correct. To support his position, the Respondent provided seven comparable sales, all in the downtown quadrant, and zoned as CB2, like the subject. The average of these comparables was \$215.00 per square foot, which supported the subject's 2010 assessment of \$180.44 per sq. ft. (R-1 p.37).

DECISION

The decision of the Board is to confirm the 2010 assessment of the subject at \$1,443,500.

REASONS FOR THE DECISION

The Board reviewed the Complainant's sales comparables. The Respondent identified a possible contamination issue with respect to the Complainant's sale # 7 (C-1 p.10). The Board noted that the network data sheet for sale# 8 indicated that this property had historical contamination issues. In addition, the Board noted that sales # 7, 8, and 9 occurred past the valuation date of July 1, 2009, and was thus post facto.

The Board found that none of the Complainant's remaining sales comparables # 1-5 were persuasive because they are not located in the downtown core, with the exception of sale number one as is the subject with its Jasper Avenue locale.

The Board also considered the Respondent's sales comparables, (R-1 pg 33). The Board noted that the Respondent did not provide supporting documentation for the sales comparables (i.e. network data) which would have assisted in the analysis of the comparables. The Board did, however, review the data presented and found that Respondent's sales comparables better represented the subject's location, and other characteristics similar to the subject, such as zoning, location and size.

The Board determined that the Complainant had not provided sufficient evidence to substantiate a reduction in the subject assessment.

DISSENTING DECISION AND REASONS

There were no dissenting decisions or reasons.

Dated this 23rd day of August, 2010, at the City of Edmonton, in the Province of Alberta.

Presiding Officer

This Decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, R.S.A. 2000, c.M-26.

CC: 717186 ALBERTA LTD
Municipal Government Board
Norcan Development Corporation