REGIONAL MUNICIPALITY OF WOOD BUFFALO CARB ORDER CARB 013-2012

IN THE MATTER OF A COMPLAINT filed with the Regional Municipality of Wood Buffalo Composite Assessment Review Board (CARB) pursuant to Part 11 of the *Municipal Government Act*, being Chapter M-26 of the Revised Statutes of Alberta 2000.

BETWEEN:

LREIT HOLDINGS 38 CORPORATION as represented by Collier's International Valuation & Advisory Services - Complainant

and

The Regional Municipality of Wood Buffalo - Respondent

BEFORE:

J. Acker, Presiding Officer
C. Flett, Member
E. McRae, Member

Appeared on behalf of the Complainant:

Stephen Cook, Associate Vice President
Greg Jobagy, Analyst

Appeared on behalf of the Respondent:

Barry Campbell, Non Residential Supervisor
Ryan Sweeney, Assessor II

This is a complaint to the Regional Municipality of Wood Buffalo Assessment Review Board in respect of a property assessment prepared by the Assessor of The Regional Municipality of Wood Buffalo and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	71013590
LOCATION ADDRESS:	2 Alberta Drive, Fort McMurray
HEARING NUMBER:	12-018
ASSESSMENT:	$2,681,980

This complaint was heard on 29th day of September 2012 at the council chambers of the RM of Wood Buffalo located at 9909 Franklin Avenue, Fort McMurray, Alberta.

Preliminary Matter:

1. The Parties agreed that the five properties: 9602 Franklin Avenue, 9908 Gordon Avenue, 10125 Franklin Avenue, 2 Alberta Drive and 5 Clearwater Crescent shared the same fact scenario, evidence and argument. Accordingly, they requested that all five properties would be heard together with the evidence and testimony given for the first property at 9602 Franklin Avenue taken as evidence and testimony for the remaining properties.

The Board agreed to this approach.

Property Description:

2. The subject is a .93 acre parcel improved with a 2.5 storey wood frame apartment building constructed in 1967 that contains 24 units: 10 one bedroom, 10 two bedroom and 4 three bedroom units. The site is serviced with electrical outlets on 24 surface parking stalls.

Issues:

3. The year-to-year assessment increase from the 2011 assessment is $718,550 when the market indicates no significant increases in value.

Complainant's Requested Value: **$ 2,400,000**

Board's Decision in Respect of Each Matter or Issue:

4. In support of the Complainant's request for a reduced assessed value, he provided the Board with a direct sales comparison approach using 4 comparable properties; two of which are located in Fort McMurray, one located in Edmonton and one in Spruce Grove.

5. The range of values indicated by sales that occurred between July 2007 and May 2011 extended from a low of $113,710 to $454,545. The Complainant argued that all four comparables are superior to the subject and that the indicated value should approximate $100,000 per unit rather than the $111,749/unit applied by the assessor.

6. The Respondent provided detail on the approach taken by the assessor in using the income approach to value. This income calculation used typical Fort McMurray rental values for the subject property's market area, a vacancy allowance of 10%, a 35% stabilized expense allowance and an 11.5% CAP rate. This produced a rounded value of $1,383,220.

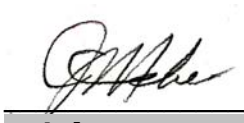
7. The Board examined the testimony and evidence of the parties and was not persuaded that the markets in Edmonton and Spruce Grove were in any way comparable to that found in Fort McMurray. Accordingly, those comparables were given little weight. The remaining two apartment properties cited by the Complainant exhibit an average value of $328,984/unit that is over $215,000 higher than the subject's assessed value per unit.

8. Having determined that the Complainant's own evidence did not support a reduction in assessment, the Board did not pursue further investigation into the Respondent's typical values as used in his income approach to value

Board's Decision:

The complaint is dismissed and the assessment is confirmed at $2,681,980

Dated at the City of Edmonton on the 24 day of October 2012.



J. Acker
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	Respondent Disclosure
3. R3	Respondent Appendix – Housing Market Information CMHC
4. R4	Respondent Property Assessment Law & Legislation

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

(a) the complainant;
(b) an assessed person, other than the complainant, who is affected by the decision;
(c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;
(d) the assessor for a municipality referred to in clause (c).

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

(a) the assessment review board, and
(b) any other persons as the judge directs.

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Multi Residential	Apartment	Income Approach	Rental Rate