

**NOTICE OF DECISION NO. 0014 10-03/2010**

**TOWN OF BARRHEAD  
COMPOSITE ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

IN THE MATTER of the *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

AND IN THE MATTER of an assessment complaint filed with the Town of Barrhead 2010 Assessment Review Board.

**Between**

Debra Lei - Complainant

and

Town of Barrhead - Respondent

**Before**

J. Schmidt, Presiding Officer

J. Dennett, Member

G. Wilcox, Member

This is an assessment complaint decision of the Composite Assessment Review Board from a hearing held in the Town of Barrhead on November 12, 2010 respecting a property assessment entered in the assessment roll of the Respondent municipality as follows.

Roll No.	021800
Assessed Value	\$216,800
Legal Description	Plan 5703CL, Block 4, Lot 23

**Appearances:**

Complainant:	Ms. Debra Lie
	Ms. Heidi Wong interpreter for Ms. Lie

Respondent:	Mr. Mike Krim, Appointed Municipal Assessor for the Town of Barrhead
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Assessment Review Board: Mr. Jeff Cook, Clerk of the Assessment Review Board

Observers: Mr. John Szumlus, Manager, Capital Regional Assessment Services Commission  
Ms. Cheryl Callihoo, Development Officer, Town of Barrhead

### **Background and Property Description**

The subject property is classified as a retail store and is improved with a free standing concrete block building constructed in 1957. There are two tenants occupying a total leasable area of 3,162 square feet. For assessment purposes, the estimate of market value was determined using the income approach to market value. The complaint came forward on grounds the assessment is too high.

### **Legislation**

In deciding this matter the Board makes reference to the particular statutory requirements which are as follows.

#### ***Municipal Government Act***

*289(2) Each assessment must reflect*

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*
- (b) the valuation and other standards set out in the regulations for that property.*

*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.*

#### ***Matters Relating to Assessment and Taxation Regulation AR 220/2004 (as amended)***

##### ***Valuation date***

*3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.*

##### ***Valuation standard for a parcel and improvements***

*6(1) When an assessor is preparing an assessment for a parcel of land and the improvements to it, the valuation standard for the land and improvements is market value unless subsection (2) or (3) applies.*

### **Issue**

Is the market value of the subject property overstated?

### **Complainant's Position**

The Complainant submitted six assessment comparables in support of the position that the subject assessment is too high (Exhibit 1C). This property was purchased from the previous owner, without being listed by a realtor, simply to obtain a stable income for the future. It was argued that the subject property purchase price of \$240,000 in June 2009 did not reflect fair market value as it was purchased without being exposed to the open market. The purchase price should be discounted for assessment purposes as the sale was a motivated sale. In closing, it was the Complainant's position that assessment comparables numbers 3 and 4 as presented on Exhibit 1C, are the best comparables and the final assessment value should be less than \$189,800.

### **Respondent's Position**

The Respondent presented a seventeen page document in support of the assessment (Exhibit 1R). Based on information supplied by owners of retail commercial property in Barrhead typical rents, vacancies, expense allowances and capitalization rates were applied to establish the assessed value. On review, it was determined that a typical lease rate for the property should be \$6.25 per square foot in place of the \$7.00 which was applied in the original assessment calculation. This lower lease rate is supported by the information as supplied by property managers as shown on page 14 of Exhibit 1R. When the \$6.25 lease rate factor is applied in the capitalization method of determining market value, a revised assessment at \$189,800 is indicated. This revised assessment gives consideration to the lower end of typical market rents for the subject type property as of the July 1, 2009 valuation date and gives consideration to the fair condition, quality and age of the subject property. Since the subject property sold as of June 30, 2009 for \$240,000, the suggested revised assessment at \$189,800 is not overstated.

### **Finding**

Having given careful consideration to the evidence, argument and fact which came forward in this case, the Board makes the following finding:

The assessed value of the property is overstated.

### **Decision**

The assessment is reduced from \$216,800 to \$189,800.

### **Reasons**

The Complainant's submission that comparable 3 and 4 as submitted are the best comparables in determining this assessment has merit. Comparable 3 has a similar size at 3,046 square feet, has a 1964 building, and is assessed at \$205,000 or \$68.53 per square foot. Comparable 4 is smaller in size (corrected to 2,675) has a 1961 building and is assessed at \$163,200 or \$61.00 per square foot. By comparison, the subject property includes a 1954 building and has a leasable area of 3,162 square feet with a suggested revised assessment at \$189,800 indicates an assessment at

\$59.04 per square foot. On page 15 of Exhibit 1R, the Respondent has provided assessment comparison for building between 2,000 and 4,000 square feet. This chart shows the Complainant's comparable 3 as being assessed utilizing a \$7.00 per square foot lease rate and Comparable 4 having a \$6.25 lease rate applied.

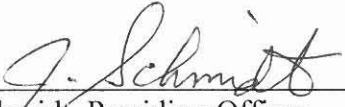
Based on this evidence, the Board is satisfied that the subject assessment based on a \$6.25 per square foot lease rate which transposes into a building per square foot assessment of \$59.04 per square foot is correct, fair and equitable.

Accordingly, the assessment is reduced from \$216,800 to \$189,800.

No costs to either party.

Dated this 8<sup>th</sup> day of December 2010.

COMPOSITE ASSESSMENT REVIEW BOARD

  
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J. Schmidt, 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 of the Municipal Government Act, R.S.A. 2000, c.M-26. This section requires an application for leave to be filed with the Court of Queen's Bench within 30 days of receipt of this decision.*