



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 02/12

Glenn G Suprovich,
Glenn Suprovich Holdings LTD
12030 Fort Road
Edmonton, AB T5B 4H1

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 (the Board) from a hearing held on April 5, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4844601	12034 Fort Road NW	Plan: RN63 Block: 4 Lot: 46	\$516,000	Annual New	2012

Before:

Robert Mowbrey, Presiding Officer
Lillian Lundgren, Board Member
Ron Funnell, Board Member

Board Officer: Jodi Keil

Persons Appearing on behalf of Complainant:

Glenn Suprovich
Linda Suprovich

Persons Appearing on behalf of Respondent:

Tim Dueck, Assessor, City of Edmonton

PRELIMINARY MATTERS

- [1] Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. In addition, the Board members stated they had no bias on this file.

BACKGROUND

- [2] The subject property is a two story retail unit, comprised of a total of 4204 square feet, located at 12034 Fort Road NW. The subject property was built in 1980 and is assessed at \$516,000.

ISSUE

Is the assessment of the subject property in excess of its market value?

LEGISLATION

Municipal Government Act, RSA 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.

POSITION OF THE COMPLAINANT

- [3] The Complainant filed this complaint on the basis that the subject property assessment of \$516,000 is in excess of market value. In support of this position, the Complainant advised the Board that the Complainant had purchased the property for \$360,000 in September 2011. The Complainant argued this was the market value of the subject property. The Complainant advised the Board that the subject property had been on the market for over one year and the purchase price represented market value. In addition, the sale was a valid arm's length transaction.
- [4] The Complainant produced a letter from a realtor dated February 1st, 2012, that stated the property was shown nine times and the lack of parking was a major issue in marketing the property. The Realtor states that the final sale price reflected the challenges encountered in selling the property.
- [5] The Complainant produced six comparable sales located in close proximity to the subject property. Upon reviewing the calculations, it appeared that the average sale price of these comparables was \$125 per square foot, while the sale price of the subject property was \$118 per square foot.
- [6] In addition, the Complainant prepared a chart of five comparable assessments using the income approach to value method. The Complainant selected the comparables based upon factors such as rent and vacancy; factors the Complainant argued were representative of the area.
- [7] During questioning, the Complainant stated the subject property was being converted from a retail unit to an office building. In addition, the Complainant advised the Board

that no building permit was obtained because the changes were of a cosmetic type and no structural changes were contemplated.

- [8] In answer to questions, the Complainant stated the Respondent's sales comparables were not in close proximity to the subject property.
- [9] In summary, the Complainant requested a 2012 assessment of \$360,000 based on the sale price of the subject property.

POSITION OF THE RESPONDENT

- [10] The Respondent explained that the subject assessment and similar assessments were prepared using the income approach. The Respondent produced retail property sales comparables that had an average sale price of \$147.95 per square foot with an average assessment per square foot of \$142.14. The assessment to sales ratio was 0.99. (Exhibit R-1 page 26).
- [11] Additionally, the Respondent produced a chart that showed actual rent comparables for retail units. (Exhibit R-1 page 30).
- [12] The Respondent also defended the assessment using eight assessment rate comparables. The comparables had an average main floor rent of \$13.25 per square foot and a capitalization rate of 8%. The assessment comparables were all in close proximity to the subject property. (Exhibit R-1 page 21).
- [13] The Respondent also produced property sales comparables that he argued supported the assessment. The condo warehouse property sales comparables provided by the Respondent had an average sale price per square foot of \$125.73, compared to the subject's sale price per square foot of \$64.97. In addition, the average assessment per square foot was \$122.60, compared to the subject's assessment per square foot of \$93.12. (Exhibit R-1 page 27). Additionally, the Respondent produced a chart that showed warehouse property sale comparables with the subject property, with an average net rent per square foot of 11.80, whereas the subject had an average net rent per square foot of 12.50. (Exhibit R-1 page 28).
- [14] During cross examination, the Respondent advised the Board that none of the Complainant's sales comparables were office buildings.
- [15] The Respondent asked the Board to confirm the City's assessment of the subject property at \$560,000.

DECISION

- [16] The decision of the Board is to reduce the 2012 assessment from \$516,000 to \$360,000.

REASONS FOR THE DECISION

- [17] S. 1(1)(n) of the *Municipal Government Act*, defines "market value" as:

the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

- [18] The Board was not persuaded by the Complainant's sales comparable evidence as the evidence was lacking in terms of the size of the buildings, and their condition. In addition, none of the sales comparables were office buildings and one building was a veterinary building.
- [19] The Board found the recent sale price of the subject property the best means of establishing the market value of the subject property as the sale occurred close to the valuation date. Both the Complainant and the Respondent agreed the sale of the subject property was a valid sale. The subject property was sold on September 2nd, 2011 for \$360,000, after approximately one year on the market. The Board found that this sale was informative, despite being a post facto sale. The sale occurred in the base year; only two months beyond the valuation date.
- [20] The Board accepts the Complainant's evidence that the lack of parking presented some challenges in marketing the subject property.
- [21] The Board put little weight on the Respondent's sales comparables as they were not in close proximity to the subject property. In addition, the Board did not consider condo warehouse sales, warehouse sales and a veterinary property sale to be comparable to the subject property.

DISSENTING OPINION AND REASONS

- [22] There was no dissenting opinion.

Dated this 1st day of May, 2012, at the City of Edmonton, in the Province of Alberta.

Robert Mowbrey, 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, RSA 2000, c M-26.
