



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 121/10

Teik Tan
3530 199 Street NW
Edmonton, AB T6M 2N5

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 July 26, 2010 respecting a complaint for:

Roll Number 4296786	Municipal Address 10830 124 Street NW	Legal Description Plan: 9523179 Unit: 4
Assessed Value \$247,500	Assessment Type Annual – New	Assessment Notice for: 2010

Before:

Darryl Trueman, Presiding Officer
George Zaharia, Board Member
Brian Frost, Board Member

Board Officer: Annet N. Adetunji

Persons Appearing: Complainant
Teik Tan

Persons Appearing: Respondent
John Ball, Assessment and Taxation Branch

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties had no objection to the composition of the Board.

Board Member Brian Frost indicated he had business dealings with the Complainant over 10 years ago but that his judgement in this matter would not be clouded. The Board and the parties had no objection to Mr. Frost's presence on the Board.

Prior to the commencement of the hearing, the parties were sworn in.

BACKGROUND

The subject property is a wood frame two story with basement mixed use building constructed in 1964. The building underwent conversion to condominium titles sometime in the early 1990s resulting in residential suites on the upper floor, three commercial retail units on the main floor and a single commercial unit in the basement. The residential units located within the subject complex are not under appeal. The subject of this appeal is unit number 4 which is a main floor commercial retail unit consisting of 1,421 sq. ft. with direct access to 124th St.

ISSUE

The condition of the subject property and its functional limitations have not been adequately addressed resulting in an excessive assessment.

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.

POSITION OF THE COMPLAINANT

The complainant stated that City bylaws had changed from when the subject building was constructed in 1964 and converted to condominium status in the 1990s. Currently there are 10 parking spots available for the tenants of the building but that with current city bylaws, 22 spots would be required.

According to Mr. Tan, the complex contains wood frame constructed floors which do not prevent water damage resulting from water leaking from floor to floor if the leak is on an upper floor.

The complainant advised that the building complex is functionally deficient because of the absence of separate metering to tenants. After attempting to engage a plumber to install separate meters, the plumber refused the job due to a City bylaw that would not allow this to be done if separate metering would be for charging utility costs back to the tenants.

The complainant submitted a City of Edmonton neighborhood water scoping study prepared as a result of a storm on July 11, 2004, suggesting that the sewer line may need to be enlarged.

The complainant submitted a copy of a letter from an insurance broker address to an owner of a property located at 10838 124th St. advising that the insurer was not going to continue coverage due to insurance claims in 2002 and 2004.

The complainant felt that the increase of the subject unit assessment in 2009 to 2010, which was an increase of 125%, was excessive, notwithstanding that all 4 commercial condominium units within the building have historically continued to be operated as one investment property and should be valued as such.

POSITION OF THE RESPONDENT

The respondent advised that under current legislation, the building, by virtue of its being registered as a condominium, contains individual units and all units must be assessed individually.

The respondent advised the Board that while he agreed the building was “not in pristine condition” nevertheless his comparable sales data fairly represented the marketplace for commercial retail condominium units.

On page 27 of the respondent’s brief, five sales comparables were provided. The time adjusted sales prices of the comparables ranged from \$184.00 to \$250.00 per sq. ft. and the assessments ranged from \$219.14 to \$260.38 per sq. ft. supporting the assessment of the subject property at \$174.94 per sq. ft.

FINDINGS

The Board finds that the units must be assessed individually. The Board further finds that the sale of the property at 10805 - 124th St. is a reasonable indication of value for the subject property once a condition factor is taken into account.

DECISION

It is the Board’s decision to confirm the assessment at \$247,500.00.

REASONS FOR THE DECISION

The Board agreed with the assessor that the individual units must be individually assessed to remain consistent with legislation.

The Board reviewed the charts presented by the complainant and in particular his rationale for his normalizing process. Real property valuation is a market driven process and it is insufficient to obtain valuation adjustment factors from mathematical equations alone. Each adjustment factor must be supported by the activities of buyers and sellers in the market place and ideally represented by paired sales analysis. Alternatively, multiple regression analysis as is found in the assessor’s mass modeling process represents market driven adjustments. Therefore, the Board placed little weight on the valuation calculations presented by the complainant.

On the other hand upon review of the respondent’s comparable sales it was possible to see a relationship between his market data and the subject property. The sales comparables provided by the respondent showed time adjustments sales prices from \$184 to \$258 per sq. ft. and this range reasonably supports the average assessment of the main floor commercial retail units which have been assessed at \$175 per sq. ft. on average. It is accepted that the \$184.00 - \$258.00 per sq. ft. range represents the agreed impaired condition of the subject property.

The Board then turned to the sale of the property at 10805 124 street which was used by both the complainant and the respondent as an indicator of value for the subject property. Although this building did not exhibit individual condominium titles, it was nevertheless similar vintage to the subject and transacted within a reasonable time from the valuation date. It was noted that this building had extensive renovations in 2008 and that additional renovations were planned by the new owner. The essential factor relating to this sale was that the sale price per sq. ft. was \$255.55, \$80.55 greater than the assessment, on a per unit basis, of the subject property. The Board felt that this more than adequately accounted for the lesser condition that had been represented by the complainant.

Dated this 13th 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: Municipal Government Board
CSIC Services & Holding Ltd.