



## 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 128/10

Nancy M R Pearson Professional Corporation  
5377 75 Street NW  
Edmonton, AB T6E 0W6

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 27, 2010 respecting a complaint for:

<b>Roll Number</b> 10126387	<b>Municipal Address</b> 5377 75 Street NW	<b>Legal Description</b> Plan: 0822577 Unit: 9
<b>Assessed Value</b> \$841,500	<b>Assessment Type</b> Annual – New	<b>Assessment Notice for</b> 2010

#### **Before:**

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

**Board Officer:** Segun Kaffo

#### **Persons Appearing: Complainant**

Brad Daviss  
Nancy Pearson

#### **Persons Appearing: Respondent**

Ning Zheng, Assessment and Taxation Branch

### **PRELIMINARY MATTERS**

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

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

### **BACKGROUND**

The subject is a newer (constructed in 2007), two-story retail warehouse condominium unit. The condominium complex is located in an IB zoned district and as such, property uses are restricted with respect to the industrial component, limiting noisy and unclean operations. The subject

was purchased new as a one story shell and has since been fully finished including the addition of a complete second-floor of 1532 sq. ft., matching the main floor footprint. Each floor is finished with law offices.

## **ISSUES**

The assessment for the subject property is incorrect as it does not reflect market value. In order for the assessment to reflect market value it must:

1. adequately reflect the location of the subject unit within the complex and its absence of direct exposure to arterial access as well as limited visibility exposure, and,
2. adequately reflect the absence of customer parking available to the unit, as at present there are only four available stalls.

## **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.

### **Interpretation**

S.1(1) In this Act,

(n) “market value” means 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

***The Matters Relating to Assessment and Taxation Regulation, Alberta Regulation 220/2004 (MRAT);***

### **Part 1, Standards of Assessment**

#### **Valuation standard for a parcel of land**

S.4(1) The valuation standard for a parcel of land is  
(a) market value.

## **POSITION OF THE COMPLAINANT**

The Complainant advised the Board that the subject unit was purchased as a shell in late 2007 for \$341,925. Work was then commenced, finishing the main floor and the second floor into a full suite of offices. The full and complete cost of this work was \$289,000. The Complainant pointed out that the condo association restricted the installation of windows to the second-floor offices at the rear of the building. The Complainant provided a site plan of the subject complexes which indicated that the design of the complex was such that there were two parallel rows of buildings only one of which enjoyed partial visibility and access to the 75<sup>th</sup> St. arterial. In that the subject was in the rear row of buildings, its visibility and accessibility to 75<sup>th</sup> Street was severely impaired. The Complainant feels that the City has erred in its assessment by using comparables more preferably located throughout the complex and in other high profile locations. The

Complainant also expressed his opinion that the City Assessor adjusted some of his comparables by the amount of the Complainant's costs to finish the subject property. He felt that this was an error because some of the comparables were sold when built to higher specification than the subject and/or enjoyed a greater level of finish than did the subject. Specifically, with respect to issue number one, the Complainant said that the subject property could not be compared to units in the front row of the subject complex or to comparable sales in other high-profile locations. With respect to issue number two, the Complainant said that the subject property's four dedicated parking stalls were inadequate and that other comparable IB zoned locations enjoy the benefits of additional customer parking stalls.

The Complainant's essential evidence in document C-1 was a retrospective appraisal report prepared by Frost and Associates Realty services Inc. which demonstrated support for their conclusion that the market value of the subject property on the July 1, 2009 valuation date was \$610,000. The Complainant's secondary evidence was exhibit C-2 which discredited some of the Assessor's comparables.

### **POSITION OF THE RESPONDENT**

The City Assessor presented his evidence in support of the assessment document R-1 which started with their standard explanation of the mass appraisal process, their legislative authority and the various adjustments and techniques located within the process. As well, the document contained photographs of the subject property site maps and aerial photographs as well as charts and commercial reporting service detail for the specific comparables used to support the assessment. The Respondent summarized five comparable sales located on page 25 of R-1 which indicated time adjusted sale prices on a per sq. ft. basis ranging from \$196.00 to \$362.00 per sq. ft. Given that the subject property assessment was \$274.64 per sq. ft. the Assessor felt that his range of indicated values bracketed the assessed amounts and in as much as his mass modeling process accounted for such things as location his support for the assessment fully considered both of the issues raised.

### **FINDINGS**

The Board finds that the total cost of the subject property is the best indicator of value. The Board finds that the use of the cost of the improvements to the subject property, as reported by the Complainant and its use by the Respondent in his adjustment process suggests that this, when added to the price of building acquisition, is a valid indication of value, once adjusted to the valuation date.

### **DECISION**

The assessment for the subject property is reduced to \$610,000.

### **REASONS FOR THE DECISION**

Given that the legislated requirements for assessed value in MRAT is "market value", the Board accepts the evidence of the Complainant's C-1 document as having the more thoughtful application of comparable sales. In questioning, the Respondent agreed that his sale number 3 at 3228 Parsons Rd. was "not a good sale" and as this sale after adjustment is reported at \$362 per sq. ft. which, as the upper limit of his range of value, would have significantly skewed the average. More particularly, the purchase price and improvement costs of the subject itself, given

that there was no dispute regarding an approximate 5% adjustment factor for market conditions, is often thought of as the best indication of value in accordance with the Supreme Court of Canada Sun Life decision. Given that the City typically computes condominium units with industrial components on a main floor area alone, within their mass model process, the Board feels that error will have been induced in the form of double counting when adding the full measure of improvement allowance as indicated by the subject property. This full improvement allowance for two complete floors was \$289,000. The Board based its decision on the Complainant presenting the best site specific evidence.

Dated this 13<sup>th</sup> day of August, 2010 at the City of Edmonton, in the Province of Alberta.

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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.*

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CC: Municipal Government Board.