



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 367/10

Altus Group Ltd.
17327 106A Avenue
Edmonton, AB T5S 1M7

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 October 19, 2010 respecting a complaint for:

Roll Number 9960366	Municipal Address 13103 Fort Road NW	Legal Description Plan: 9824748 Block: 2 Lot: 9
Assessed Value \$28,510,500	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Jack Schmidt, Presiding Officer
Howard Worrell, Board Member
Petra Hagemann, Board Member

Board Officer:

J. Halicki

Persons Appearing: Complainant

David Fu, Agent
Tax Consultant, Altus Group Ltd.

Persons Appearing: Respondent

Richard Fraser, Assessor
Assessment and Taxation Branch

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties indicated no objection to the CARB's composition and Board Members expressed no bias with respect to this roll.

ISSUE(S)

- 1) Is the land portion of the assessment valued too high?
- 2) Is the depreciation guideline used to value the hotel portion of the improvement applied correctly?

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.

BACKGROUND

Located in the Belvedere neighbourhood, the subject property, comprising 303,542 sq. ft. or 6.969 acres and zoned DC2, is used commercially as a casino/hotel.

As a Special-Use Property Type, the assessment is based upon the cost approach to market value

COMPLAINANT'S POSITION

The Complainant submitted six land sales comparables (C1, pg.9) to demonstrate that the subject's land assessment was excessive when compared to similar properties. These sales comparables average \$16.00/sq. ft. or \$4,856,676 whereas the subject's assessment is \$20.98/sq. ft. or \$ 6,369,640.

In exhibit C1, the Complainant also provided excerpts from Edmonton Zoning Bylaw #12800, diagrams, a photograph of the subject for illustrative purposes, and *Network* data sheets related to the land sales comparables.

In regards to the depreciation on the improvements, the City has applied an incorrect age life to the physical depreciation of the hotel portion of the assessment (C1, pg. 7; Appendix B). The Complainant stated that the hotel is a low cost/average "C" class hotel with limited service and should reflect a 45 year life expectancy as indicated in the guidelines (C-1 Appendix B) as opposed to the Respondent's position that it is a full service hotel with a 50 year age life expectancy. This change would result in 16% depreciation rate rather than the 12% depreciation for a full service hotel as applied in the assessment.

The Complainant requested that the 2010 assessment be reduced from \$28,510,500 to \$26,863,500 (C1, pg. 15).

RESPONDENT'S POSITION

The Respondent, having used the commercial/industrial (special-use) assessment model, maintains that the subject property has been fairly and equitably assessed. The Respondent explained that special-use properties are assessed using the cost approach to value.

Seven land sales comparables (R1, pg. 22) were provided with supporting *Network* and other data sales sheets (R1, pgs. 23-31). These sales ranged from a low of \$17.77 to \$47.95/sq. ft. indicating that the assessment of the subject at \$18.24 was correct.

Concerning depreciation, a replacement cost detail report (R1, pg. 17, Appendix B) and *Marshall & Swift* Life Expectancy guidelines were submitted. The Respondent submitted that the hotel was part of a larger casino complex with supporting amenities such as entertainment/banquet rooms, food and beverage operations, common lobby areas and, therefore, the hotel is representative of a full service, good condition “C” quality hotel.

The Respondent requested that the 2010 assessment be confirmed.

FINDINGS

- 1) The land value shown on the assessment complaint record is too high.
- 2) The 50 year age guideline used for the hotel depreciation is appropriate.

DECISION

The decision of the Board is to allow the complaint in part.

REASONS FOR THE DECISION

Having given careful consideration to the evidence, argument, and fact which came forward at the hearing, the following reasons are provided:

Following presentation and direct testimony, an administrative error in the land assessment portion of the 2010 assessment was discovered and the land value should have been \$5,538,817 (R-1, pg. 18) rather than \$6,369,640 (C-1 pgs. 7:11). As a result of this, the Respondent confirmed that the land assessment value was incorrect and should be reduced to \$5,538,817 or \$18.24 per sq. ft. In place of the Complainant’s initial request of \$ 4,856,676 he accepted this revised land assessment.

With regards the issue of depreciation of the hotel portion of the assessment, the Board heard testimony from the Respondent that the hotel was contained within the casino development (R-1, pgs. 14;16). The Respondent stated that the hotel and casino were accessed by a common lobby that also had access to a large entertainment room that could be used for banquet functions to support the hotel. The Board agrees with the Respondent’s position that the supporting amenities of the casino property would qualify the hotel as a full service hotel in good condition. Therefore, as a “C” quality hotel, the 50 year life expectancy is accepted as per the guidelines presented in evidence and the 12% depreciation applied in the assessment is correct.

The 2010 assessment is reduced from \$ 28,510,500 to \$ 27,679,500.

DISSENTING DECISION AND REASONS

There were no dissenting decisions.

Dated this twenty-ninth day of October, 2010 A.D. 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
City of Edmonton, Assessment and Taxation Branch
1214741 Alberta Ltd.