



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
Phone: (780) 496-5026

NOTICE OF DECISION NO. 0098 445/11

Canadian Valuation Group
1200-10665 JASPER AVENUE
EDMONTON, AB T5J 3S9

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 November 21, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1100312	903 167 AVENUE NE	NE 33-53-23-4	\$5,541,500	Annual New	2011

Before:

James Fleming, Presiding Officer
Francis Ng, Board Member
John Braim, Board Member

Board Officer: Karin Lauderdale

Persons Appearing on behalf of Complainant:

Tom Janzen, Canadian Valuation Group

Persons Appearing on behalf of Respondent:

Don Strandberg, Assessor, City of Edmonton

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

The subject property consists of 144.748 acres of Metropolitan Recreation District (A) and RF-1 Single Family Residential zoned land in northeast Edmonton. It was farmland until 2010, since then it is being developed as a golf course of 128.44 acres and a residential sub-division of 16.31 acres. The golf course is scheduled to be completed in the summer of 2012. The effective zoning of the golf course area is AG (Agricultural District) and the City of Edmonton assessed the golf course area including the areas covered by water, at a “parkland” rate of \$20,000 per acre. For the residential sub-division, the City of Edmonton assessed it at \$450,000 per hectare.

ISSUE(S)

Should the portion of the land which is covered by water be assessable, and if so at what rate?

Is the residential land developed to an extent that all of it qualifies for a \$450,000 per acre assessment in accordance with the City’s policies?

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

Firstly, the position of the Complainant is that the areas covered with water within the subject property are over assessed. The Complainant accepts the \$20,000 “parkland” rates that applied to the golf course area; however the areas covered by water should either not be assessed or should be assessed at a rate that is lower than parkland rate of \$20,000 per acre, because these areas are undevelopable. The Complainant estimated that 20% (30 acres) of the property are water covered.

For the golf course areas and the areas covered by water, the Complainant requested a lower assessment value based on 2 methods:

1. Apply the City of Edmonton parkland rates (\$20,000/acre) to the developable land areas (98 acres) only, which would result in an assessment value of \$1,968,800
2. Apply a 20% discount to the City of Edmonton parkland rate to the entire golf course including the areas covered by water a total of 128.44 acres which would result in assessment of \$2,055,000.

The Complainant concluded that a \$2,000,000 assessment would be fair for the golf course areas.

In regards to the assessment value of the residential sub-division, the Complainant also submitted that it is excessive. In the Complainant's submission, the Complainant stated that "the residential area began development in October 2010 with the final services being installed in October 2011" (Exhibit C-1, p.1). There are 34 lots in this sub-division and 14 lots were sold in 2011. The balance of the lots will not be sold until 2012 or even later due to incomplete services.

Therefore, the City of Edmonton was wrong to apply \$450,000 per hectare to the entire sub-division. This application would only be correct if the entire sub-division were capable of being completed within one year. The Complainant stated that 3.3 hectares (approx. 8.15 acres) of the residential area will not be ready until 2 – 3 years later and therefore the City of Edmonton should apply the \$350,000 per hectare rate as they have applied to other similar properties. This would result in a value of \$2,640,000 for the residential sub-division.

The Complainant concluded that the total assessment should be reduced from \$5,541,500 to \$4,640,000.

POSITION OF THE RESPONDENT

The Respondent provided an assessment brief (R-1) that stated the subject land had previously been used partly for farming activity and for aggregate removal. The Land Use Code (LUC) changed in 2011 as there was no farming activity and no gravel being extracted. In 2011 the farmland status was removed and the City changed the golf course portion to 823 (Non-farmland Vacant) to keep it in the agricultural inventory. The residential sub-division portion in the north-west corner was changed to 835 (Farmland Subdivision Unit).

For the golf course portion of the subject land (128.44 acres) the Respondent provided a chart detailing 11 validated sales comparables that had transacted between January 2007 and June 2011. The parcels were all located close to the city boundaries but in varying locations around the city. The parcels ranged in size from 0.186 acre to 189.91 acres and sold at unit rates ranging from \$11,584 per acre to \$32,224 per acre. The average price from these sales is \$21,578 per acre and the Respondent considers this strongly supports the land rate of \$20,000 per acre that is currently in use. The aforementioned sales may have included bodies of water however the total land and water areas are subject to being assessed.

Furthermore the Respondent indicated that all lakes and storm water ponds are assessed at the same parkland rate throughout the city and that rate is the lowest value the City has and is a

Parkland Rate that had been previously established at \$20,000 per acre and had been applied to all the golf course lands. In support of this argument the Respondent provided evidence in the form of photographs of 2 lake properties and 1 golf course property containing water bodies and said that they are assessed using the same parkland rates.

For the residential portion of the land (16.31 acres or 6.6 hectares) the Respondent had applied a rate of \$450,000 per hectare as it was all considered to be serviced and “ripe” for development. In essence this means the city uses \$450,000 per hectare to be the rate if land can be developed within a one year period and \$350,000 per hectare if the land is likely to be developed within a two to three year period. The Respondent is of the opinion that all the residential land was ripe for development as it was all serviced or substantially serviced as the services were at the property line.

The city currently considers development land to be ripe for development if the services are at the property line and the intention of the owner is to develop the land. The fact that 10 of the lot sales were concluded by the end of June 2011 indicates that as at July 1 2010 the residential land was considered ripe for development within one year and thus falls within the \$450,000 per hectare category.

DECISION

The complaint is denied and the assessment is confirmed at \$5,541,500.

REASONS FOR THE DECISION

The Complainant’s arguments centred on two issues; the first was the value of the golf course lands, and the second was the value of the residential lands.

The Golf Course Lands

With respect to the golf course lands the Complainant argued that the areas covered by the water should not be valued for assessment purposes. They argued that common sense should dictate that land covered by water could not be used and therefore had no value. The Respondent answered that this type of land was treated the same way throughout the City highlighting three bodies of water in the City which were assessed in the same manner.

The CARB considered all the information and evidence. While the Complainant based their argument largely on common sense; there was insufficient evidence put forward to demonstrate that any other bodies of water within the City were assessed on a different basis. As well, the City provided evidence that three bodies of water were assessed in the same manner as the subject and they represented that all similar situations were assessed in the same manner.

The price per acre of the sale comparables provided by the Respondent were not disputed (although the Complainant did comment that perhaps the lower priced sales reflected land with water on the property).

Based on the insufficiency of evidence from the Complainant and the evidence supporting the assessment from the Respondent, the CARB confirms the assessment of the Golf Course component of the land at \$2,571,500.

The Residential Component

The only dispute here was the timing of the development readiness. This was an issue because the City had adopted a valuation method which priced the value of lands to be developed within one year at \$450,000 per hectare and the value of land to be developed within two to three years at \$350,000 per hectare. The Complainant said that only one half of the land was developable within one year as evidenced by the sales of 14 out of 34 lots in 2011. The request was for the other half of the land to be valued at \$350,000 per hectare.

The CARB considered all of the evidence and argument. The way the City has chosen to allocate the value requires a discussion about the effective date which one should use to calculate the developability of the land

One argument is that the land development timing starts from the valuation date (July 1st, 2010). The other argument is that the development timing should start from the condition date (December 31st, 2010). The Complainant indicated that the servicing commenced in October 2010 and was completed in October 2011. This was not specifically disputed by the Respondent.

The CARB considered this issue at length, and in the final analysis found that it did not matter that much which date was used. The CARB concluded that the operative issue was whether the lands would have been ready and offered for sale. While there was no direct evidence on this matter from either party, the CARB noted that there were a small number of lots to be serviced (34), and it would probably make sense from an economic and marketing standpoint that they be serviced and offered together. In addition the CARB concluded the duration of the servicing (one year) would not dramatically impact the marketability. It was noted that 14 lots were sold and the location of these sales on the Map (R1, pg 22) would suggest that a maximum of 4 lots might have been left to service.

The CARB concludes that from an economic standpoint, the likelihood is that these lots probably would have been serviced at the same time as the rest of the lots, and if not, certainly would have been available for sale at the same time. Neither party could provide satisfactory evidence as to whether all lots were serviced at the same time. The CARB makes the observation that though some lots had not sold it is not necessarily proof that the lots were not available for sale. It may have been evidence of weak demand or a management decision to hold firm on the pricing hoping for a stronger market in the future.

For all of these reasons, the CARB finds that the lots could have been available for sale in the short term and thus confirms that price per hectare at \$450,000, for a total residential value of \$2,970,000.

Summary

Based on the confirmation of the Golf Course land value and the Residential Land value, the total assessment is confirmed at \$5,541,500 as noted above.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 7th day of December, 2011, at the City of Edmonton, in the Province of Alberta.

James Fleming, 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.

cc: CREST DEVELOPMENTS LTD