



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
EDMONTON, ALBERTA T5J 2R7
(780) 496-5026 FAX (780) 496-8199

July 5, 2010

NOTICE OF DECISION NO. 0098 65/10

YUSUF KHARADI
260 WOODVALE ROAD WEST
EDMONTON, AB
T6L 2H1

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 Assessment Review Board (ARB) from a hearing held on June 28, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Year
6379390	12720 82 Street NW	Plan: 104MC Block: 1 Lot:7	1,730,000	Annual New	2010

Before:

Warren Garten, Presiding Officer
Thomas Eapen, Board Member
John Braim, Board Member

Persons Appearing: Complainant

Yusuf Kharadi

Persons Appearing: Respondent

John Ball, Tax Assessor, City of Edmonton

PRELIMINARY ISSUES

No preliminary matters were introduced by the parties.

MERIT ISSUES

Is the assessment of the subject property fair and equitable according to s. 467(3) of the Municipal Government Act?

LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

Decisions of assessment review Board

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.

s. 1(1)(n) “Market Value” means the amount that a property, as defined in section 284(1)(r), might be expected to realized if it is sold on the open market by a willing seller to a willing buyer.

284(1) (r) “property means”

- (i) a parcel of land,
- (ii) an improvement, or
- (iii) a parcel of land and the improvement to it

POSITION OF THE COMPLAINANT

The subject property was purchased for \$1,600,000 very close to the valuation date in an arm’s length transaction. The date of the actual transfer and registration at land titles was on August 27, 2009. Evidence was provided by a copy of the land title as at September 29, 2009.

The subject sale price was negotiated and established its value in May 2009.

Sworn testimony revealed that the majority of the leases were either gross leases or partially gross leases which included some utilities.

POSITION OF THE RESPONDENT

The Respondent provided 3 comparable retail properties (strip malls) for cap rate comparables.

The subject property was sold without a realtor which may have resulted in a relatively lower sale price than normal.

The property’s market value is within the range of properties of that class. Assessments are based on typical value and this property’s assessment fell within the norms.

An inspection had been made on March 25, 2010 and the condition of the subject property is in average condition for its age with no upgrades.

DECISION

The decision of the Board is to reduce the 2010 assessment to \$1,600,000 from \$1,730,000.

REASONS FOR THE DECISION

The Market Value of the subject property has been established by the actual sale price which was negotiated in May, 2009 with title changing hands on August 27, 2009. This fact was supported by a land titles certificate which confirmed the date and sale price. The Board place substantial weight on this transaction as it more or less coincided with the valuation date of July 1, 2009.

The City of Edmonton's calculation of the income approach to value was based on the utilization of triple net leases where in fact the subject property has a number of gross and/or semi-gross leases. The Board placed little weight on the City of Edmonton's calculation of the income approach to the subject property.

The Board placed little weight on the Respondent's comparable sales for the following reasons which made it difficult for the Board to relate to the subject property;

:

- The three sales comparables were all comprised of single story retail buildings as opposed to the two story building of the subject property.
- The comparables were all newer buildings and/or upgraded as compared the subject which was of average condition for its age with no upgrades.
- Two of the comparable sales had lot sizes substantially larger than the subject.
- The third comparable which had a similar lot size to the subject property had a much smaller building size than the subject property and resulted in a much higher value per square foot of building area. Generally smaller buildings and smaller parcels of land sell for high price per square foot than larger buildings or parcels of land.

Dated this 5th day of July, 2010 at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: 1458797 ALBERTA INC.