



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION 0098 82/11

LIFESTYLE OPTIONS (TERRA LOSA) LTD
17203 - 99 AVENUE NW
EDMONTON, AB T5T 6S5

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 August 4, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9995560	17203 99 Avenue NW	Plan: 0221997 Block: 2 Lot: 1	\$18,292,000	Annual New	2011
9977144	200 Falconer Court NW	Plan: 0020080 Unit: 1	\$21,392,500	Annual New	2011

Before:

Don Marchand, Presiding Officer
Tom Eapen, Board Member
Brian Carbol, Board Member

Board Officer: Kristen Hagg

Persons Appearing on behalf of Complainant:

Danny Slaven, Lifestyle Options Ltd.

Persons Appearing on behalf of Respondent:

Renee Redekopp, City of Edmonton
Tanya Smith, City of Edmonton

PRELIMINARY MATTERS

This hearing is reconvened from July 18th, 2011. Due to the similarity in evidence and argument, both roll numbers were heard together.

Based on dialogue between the parties, the Respondent put forth amendments to each of the subjects' assessments for the CARB's consideration. The adjustments reflect a revised number of balconies within each complex. Correcting the balcony count in roll 9995560 Lifestyle Options (Terra Losa) revises the assessment to **\$18,192,000** and roll 9977144 Lifestyle Options (Riverbend) is revised to **\$21,321,500**.

BACKGROUND

Both complexes are specifically designed and special built seniors' facilities. They are recognized as Assisted Living facilities with dementia and chronic care units. These buildings have barrier free suites, hallways and an atypical amount of common area (36.4% in the Terra Losa complex and 25.4% in the Riverbend complex). The common area includes dining room, a full service kitchen, laundry room, games room, crafts room, library, beauty shop, exercise room specialized tubs, and medical offices. Because of the uniqueness and atypical nature of the properties, both parties concur that an assessment based on a cost approach methodology is best suited for the subject and other similar properties. These properties do not trade in the open market. The decision to undertake the assessment by the use of the cost approach methodology rather than the income approach was made by the municipality in 2007.

ISSUE(S)

Are the subject assessments fair and equitable to the average of three comparable complexes?

POSITION OF THE COMPLAINANT

The Complainant submitted the following comparative chart which identifies the subjects and three similarly held and used facilities, all of which were assessed using the cost approach model.

<i>Project</i>	<i># of units</i>	<i>Bldg Area s.m.</i>	<i>Assessment</i>	<i>Assm't \$ per sq. meter</i>	<i>Assm't \$ per unit</i>
<i>Terra Losa - subject</i>	<i>179</i>	<i>15,643</i>	<i>\$18,292,000</i>	<i>\$1,169.43</i>	<i>\$102,189.94</i>
<i>Riverbend - subject</i>	<i>142</i>	<i>16,659</i>	<i>\$21,392,500</i>	<i>\$1,284.41</i>	<i>\$150,651.41</i>
<i>Rosedale Manor - comp</i>	<i>121</i>	<i>10,270</i>	<i>\$ 9,984,500</i>	<i>\$ 972.20</i>	<i>\$ 82,516.53</i>
<i>Riverbend Residence - comp</i>	<i>136</i>	<i>8,652</i>	<i>\$ 8,489,000</i>	<i>\$ 981.16</i>	<i>\$ 62,419.12</i>
<i>Rosedale Manor II - comp</i>	<i>58</i>	<i>6,799</i>	<i>4,820,500</i>	<i>\$ 709.00</i>	<i>\$ 83,112.07</i>
			<i>Av. of three Comps.</i>	<i>\$ 887.45</i>	

The Complainant requested that the subject assessments be based on 15,643 sq. meters and 16,659 sq. meters respectively. Using the average assessment for the comparable properties of \$887.45 per sq. m., roll 9995560 Lifestyle Options (Terra Losa) adjusts to **\$13,882,380** and roll 9977144 Lifestyle Options (Riverbend) adjusts to **\$14,784,030**.

The Complainant argues that the average rate derived from the three comparables best reflects fairness in the level of building values to other competitive and comparable buildings.

POSITION OF THE RESPONDENT

The Respondent provided the CARB with the details of complex assessment calculations for both properties using the Marshall's costing manual. The buildings were treated under the category of "homes for the elderly", together with their finish and net items and land.

The Respondent's evidence demonstrates that Rosedale Manor and the Riverbend Residence comparables are of wood construction, similar to the subjects. The only comparable of concrete construction is the Rosedale Manor II complex. The Respondent argues that Rosedale Manor II complex is very dissimilar to the subjects. It was originally built as an office complex in 1974 and was completely renovated into its current configuration with living units and amenity space in the late 1990s. The type of construction, the age, being renovated as opposed to being specifically designed, and being a much smaller complex, all contribute to Rosedale Manor II not being comparable to the subject. The Respondent also advised the CARB that in the assessment, a 40% allowance was applied to recognize the atypical nature of this comparable.

The Respondent also provided the CARB with a clarification and a correction on the building area for the Riverbend Residence comparable – from 8,652 to 6,914 sq. m.; this has the effect of adjusting the per sq. m cost on this comparable to \$1,227.80.

The Respondent argues that by applying the cost approach in a consistent manner to all the similarly built and used complexes, the result represents the sum of the entire actual components in place. Comparing dissimilar comparables on a "per unit of area" base can provide varied results.

The Respondent recalculated the assessment to reflect the number of balconies in place for each roll and recommended the CARB adjust each roll accordingly.

LEGISLATION

The CARB, in its deliberations, gave consideration to:

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.

DECISION

The CARB revises roll 9995560 to **\$18,192,000** and revises roll 9977144 to **\$21,321,500**.

REASONS FOR THE DECISION

The revisions provide a correction to the number of balconies used within the costing of the subjects. The assessment amounts computed after the number of balconies was corrected for each roll number were not challenged.

The CARB finds that the complex cited as Rosedale Manor II is not comparable to the subject.

The CARB accepts the Respondent's evidence that the Rosedale Manor and the Riverbend Residence complexes are of wood construction and that the Riverbend Residence is 6,914 sq. m. in size.

The Rosedale Manor and the Riverbend Residence complexes have a per square meter range of \$972.20 to \$1,227.80 respectively and support the subjects' assessment of \$1,162.94 and \$1,279.88 per square meter.

The CARB concurs with the Respondent's observation that a per square meter comparison can vary significantly if the comparables are in anyway dissimilar.

Dated this 11th day of August, 2011, at the City of Edmonton, in the Province of Alberta.

Don Marchand, Presiding Officer

APPENDIX “A”

DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant complete with rebuttal Disclosure for roll # 9995960
2. C2	Complainant complete with rebuttal Disclosure for roll # 9977144
3. R1	Respondent Disclosure for roll # 9995960
3. R2	Respondent Disclosure for roll # 9977144
3. R3	Respondent Surrebuttal for roll # 9995960
3. R4	Respondent Surrebuttal for roll # 9977144

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: Lifestyle Options (Riverbend) Ltd.