

**TOWN OF HINTON
COMPOSITE ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***Bar 'F' Enterprises
Represented by Brian LaBerge
COMPLAINANT***

and

***The Town of Hinton, RESPONDENT
Represented by Warren Powers, AMAA***

before:

***J. Acker, PRESIDING OFFICER
Joe Couture, MEMBER
R. Krewusik, MEMBER***

This is a complaint to the Hinton Composite Assessment Review Board in respect of a property assessment prepared by the Assessor of The Town of Hinton and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER:	0007100800
LOCATION ADDRESS:	#103 King Street
HEARING NUMBER:	0151-004
ASSESSMENT:	\$ 210,000

This complaint was heard on 14th day of November, 2011 at the Town of Hinton Council Chambers located at Floor Number 2, 131 Civic Centre Road, Hinton, Alberta.

Appeared on behalf of the Complainant:

- *Brian LaBerge*

Appeared on behalf of the Respondent:

- *Warren Powers*

Property Description:

The subject is a 879 square foot commercial/retail standalone structure located on a parcel of 27,880 square feet (.64 Acres). The structure includes 568.4 sq. ft. of retail space, 93.6 sq. ft. of office finish and 217 sq. ft. of warehouse area. The subject includes unpaved parking to serve the property. It fronts King Street, a municipal gravelled road with no developed curb, gutter storm water management or street lighting; and flanks Switzer Drive, a major arterial roadway in the Town of Hinton. The rear property line of the subject is irregular due to backing on a creek. The site is serviced with municipal water and sanitary sewer, electricity and gas service.

Issues:

1. The subject property suffers from substandard roadway, drainage, street lighting, curb and gutter improvements which detract from its market value.

Complainant's Requested Value: \$ 150,000

Complainant's Position

The Complainant testified that he had approached the Town of Hinton for a development permit to expand the structure on the subject property for additional retail space. He was advised that King Street had been identified as a sub-standard area in the Town of Hinton and that no development permits would be issued until the property owner provided payment of funds necessary for the Town to complete the required improvements. Documentation provided by the Complainant included correspondence with the Town of Hinton Planning Department that estimated the full cost of the improvements at \$442,000. The Complainant estimated his cost share to be \$66,497.02.

The Complainant argued that his assessment should be adjusted by reducing its assessed value by \$66,497.02 to reflect its exposure to those costs for improving infrastructure on the municipal roadway.

Respondent's Position

The Respondent provided the Board with evidence outlining his approach to assessment of the subject property. Using the income approach, the assessor applied values in his calculation consistent with the condition of the subject property, its location and its unique topography. The rental rate applied of \$46.00/sq. ft. is at the lower end of the typical value range in the Town of

Hinton. The CAP rate of 9.75 is consistent with other Retail/Office Standalone properties. The vacancy rate of 7% and the operating costs, non-recoverable and reserve for replacement allowances were consistent with the typical values in the Town of Hinton.

The assessor then applied a further reduction to the assessment of 15% to reflect the unique topography of the subject.

The assessor noted that the subject property, as of the condition date for assessment purposes of December 31, 2010, was not encumbered with any local improvement levy.

Board's Decision in Respect of Each Matter or Issue:

1. The condition of the roadway and related municipal infrastructure is reflected in the assessed value for tax purposes of the property.

Reasons:

The assessor is required by legislation to conduct an annual assessment of all properties within the Town of Hinton. In doing so, he or she is required to utilize a mass appraisal technique to ensure equity between all properties in sharing the burden of municipal taxation. A key component to this technique is the stratification of similar properties in order to ensure that the key attributes of properties within each grouping are reflected in the assessment calculation.

It was an agreed to fact in this appeal that the properties fronting King Street share the burden of substandard street improvements. The Town of Hinton has determined that, under the authority vested in Council, they will not allow further development in this area until street improvements are completed to bring the area into compliance with current standards.

As of the condition date for this assessment, no local improvement bylaw is in place affecting the subject property or its neighbours on King Street. The Board notes that the subject does indeed suffer an impediment to development, but that this impediment can be cured by the owner entering into an agreement with the municipality to pay a proportionate share of the estimated costs of the improvements required.

The central question before the Board is that of determining the impact, if any, on the market value of the subject property. In reviewing the evidence, it is clear to the Board that the improvement on the subject property is at the lower end of the spectrum of value for a retail/commercial asset. However, the excess land has significant value and the potential for more intensive development under the C2 zoning in place.

Testimony from the parties included references to other newly-developed properties within the Town that enjoy a much higher standard of municipal road and related infrastructure. The value of these properties in the marketplace reflects their location and off-site improvements paid for by the developer and included in the market price for those properties.

The subject property enjoys a corner location flanking a major arterial roadway in the Town – developed to current standards. It shares a frontage on King Street with other properties. King Street is a dead end street without a cul-de-sac to support vehicular turning movements. It was developed in previous times when road improvement standards were much more relaxed and it appears that little subsequent investment was made by the Town or by the property owners

through a local road improvement levy. Accordingly, its value should reflect those conditions.

In reviewing the Assessor's testimony and evidence, the Board is comfortable that the Respondent has indeed considered these factors in his approach to value. The subject was assessed on the income approach using the low end of typical values to reflect its condition and location. It was further reduced to reflect the topography and irregular contours of its boundary on the creek to its rear.

Accordingly, the Board confirms the assessment at \$210,000.

It is so ordered.

DATED AT THE TOWN OF HINTON THIS 15TH DAY OF November 2011.

A handwritten signature in black ink, appearing to read 'J. P. Acker', is written over a light gray rectangular background.

J. P. Acker
Presiding Officer

APPENDIX "A"DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the Complainant;*
- (b) an assessed person, other than the Complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Stand Alone	Income Approach	Land & Improvement Comparables