

Complaint: 151 Riel Drive

Roll # 126865

Decision # 0292-02-2011

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COMPOSITE ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: 03 NOVEMBER 2011

PRESIDING OFFICER: LARRY LOVEN

BOARD MEMBER: BRENDA CLELAND

BOARD MEMBER: DAVID WEDGE

BETWEEN:

Altus Group Ltd., on behalf of Royal West Property Corp.

Complainant

-and-

City of St. Albert

Respondent

The St. Albert Assessment Review Board makes the following decision:

The current assessed value of the subject property, being \$4,498,000, is CONFIRMED.

JURISDICTION

The St. Albert Regional Assessment Review Board (hereinafter, "the Board") has been established in accordance with section 456 of the *Municipal Government Act R.S.A. 2000, ch M-26* (hereinafter, "the MGA") and the *City of St. Albert Assessment Review Board Bylaw 7/2010*.

BACKGROUND

This decision pertains to complaints filed by the Altus Group Inc., in respect of property located in St. Albert at: 151 Reil Drive (1/4/1027121). The subject property is a 591,109 square foot (13.87 acre) parcel of vacant land zoned BP (Business Park).

The assessment complaints, including filing fees, were received on July 29, 2011. Disclosure evidence was filed by both parties in a timely manner: by the Complainant on September 19, 2011, and by the Respondent on October 19, 2011.

ISSUES AND FINDINGS

I. Sales of similar parcels indicate a lower value

Complainant: The Complainant provided the sales of eight properties. Varying as follows; five zoned AG, one IM and one UR versus BP for the subject property; from 222,156 to 641,639 square feet versus 591,109 square feet; sale date from January 29, 2008 to August 31, 2010 versus January 29, 2011 for the subject property; sale price per square foot from \$4.13 to \$6.08 versus \$3.38 for the subject property. No time adjustments for sale price of the comparables were given. The sale price of the subject property was adjusted to \$3,268,795 or \$5.53 per square foot to account for off-site levies owing.

Respondent: The City of St. Albert based the assessment of the subject property on an appraisal report prepared by Harrison Bowker, dated January 31, 2011. The reason given for requesting the appraisal report was that there are a limited number of similar properties within the City of Albert similar to the subject property therefore an independent third party appraisal was undertaken to form the basis for assessment. The report included four comparable land sales varying from the subject property as follows; CIS, CB2, IM Industrial versus BP for the subject property; from 7.14 to 19.59 acres versus 13.57 for the subject property; sale date from October 3, 2008 to December 15, 2010; sale price per acre from \$506,744 to \$625,000. Adjustments were made for time/terms of sale, location, utility/marketability (including off-sites "levies") and development potential, resulting in an adjusted price per acre ranging from \$310,000 to \$350,000.

The Respondent provided further evidence that this report formed the basis of the assessment of six similar properties.

Board Finding: The Board notes that the adjusted sale price per acre of the subject property is \$240,883.94. Based on its consideration of the evidence provided, the Board finds that the adjusted sales price of the sales comparables provided by the independent third party appraiser in their report is reflective of the potential market value of the subject property. Similarly, the sales comparables provided by the Complainant may also require some adjustment with respect to time/terms of sale, location, utility/marketability, and development potential; however, none was given. Therefore, the Board placed lesser weight on the Complainant's sales comparables.

The Board further finds that the subject property was assessed fairly, as stated on the City of St. Albert 2011 Property Assessment Notice, as commercial vacant.

2. The subject property sold for less than the current assessment.

Complainant: The Complainant provided testimony that the subject property sold at for \$2,000,000 on January 27, 2011, and added the off-site levies of \$1,268,795 for a total value of \$3,368,795 (or \$248,000 per acre). The Complainant further submitted that the sale of the subject property at or near the valuation date is the best indication of value.

Respondent: The Respondent relied upon the independent third party appraisal report to develop the assessed value for the subject property. In addition, the respondent provided a table containing 15 sales of parcels in St. Albert, varying in size from 0.25 acre to less than 2 acres, excepting for the sale of the adjacent parcel of 11.12 acres and another 5.62 acre parcel, the sales dated from March, 2008 to December 2010 and varied from \$200,000 per acre for the 5.62 acre parcel to \$880,000 of the 0.25 acre parcel. The adjacent 11.12 acres parcel sold in August, 2009 for \$506,745 per acre. The Respondent acknowledged that an "economies of scale" exists regarding the price per acre with respect to the parcel size. The Respondent included a copy of the listing agent's (Avison and Young) marketing brochure for the subject property showing the listing price of lots in the subject property as \$500,000 per acre.

Lastly, the respondent provided a copy of the Network's Industrial Land Sale data sheet for the sale of the subject property. Their comments section of this data sheet, note as follows, "...Entails a very favourable purchase price at what is deemed to be a below market value unit vale rate."

Board Finding:

Market value is defined in section 1 (1)(n) of the Municipal Government Act (MGA) as follows: "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;"

The Board finds the Avison Young marketing brochure supports that the subject property was listed on the "open market", however no information was provided to indicate that the subject property was listed with Avison Young at the time of the sale.

The Board finds the comment on the Network's sale data sheet for the subject property to be concerning given the variance between the sale price (per acre) and the assessed value even though there was no evidence given regarding the validity of the sale, nor was the date of the sale raised as being post facto.

Based on its consideration of the above, the Board places weight on the comments provided in the Network's sale data sheet, and finds that even though there was no evidence given to indicate that the sale of the subject property was not arms-length, the variance between sale price of the subject property and assessment indicates that the sale may have been below market value.

SUMMARY

Based on the Board's consideration of the above evidence and arguments, the Board finds it places greater weight on the market value as determined the independent third party appraisal report and the Network's sale data sheet for the subject property indication that the sale of the subject property was below market value. In conclusion, the Board finds that that there is insufficient evidence to warrant a reduction to the assessment of the subject property to some lesser amount than the assessed value or the requested value of \$3,268,500 or \$240.862.20 per acre. The Board finds that the subject property was fairly and equitably assessed at \$331,466.47 per acre or \$4,498,000.

Dated at the City of St. Albert, in the Province of Alberta this 2nd day of December, 2011 and signed by the Presiding Officer on behalf of all three panel members who agree with this decision.


Larry Loven, Presiding Officer

The Municipal Government Act provides the right for you to appeal this decision to the Court of Queens Bench on a question of law or jurisdiction of the Board within 30 days of receiving this decision.