

October 27, 2010

NOTICE OF DECISION CARB 0302-03/2010

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Strathcona County
Assessment and Taxation
2001 Sherwood Drive
Sherwood Park, AB T8A 3W7

This is a decision of the Composite Assessment Review Board from a hearing held on September 27, 2010 regarding a complaint for:

Hearing #	Appellant/Owner	Property Description	Roll #	Assessed Value
C2010-35	SRF2 BASELINE ROAD NORTHEAST INC	Lot 5, Block 201, Plan 9220581 120 Broadway Boulevard Baseline Village (vacant land)	8201005003	3,391,000

Before:

Lana Wood, Presiding Officer
Susan Paul, Board Member
Cindy MacGowan, Board Member

Persons Appearing: Complainant

Chris Buchanan, Altus Group
Stephen Cook, Altus Group

Persons Appearing: Respondent

George Cosens, Assessment Coordinator
Wayne Minke, Manager, Assessment & Tax
Brian Gettel, Gettel Appraisals Ltd. (witness)

PRELIMINARY MATTERS:

There were no procedural or jurisdictional matters raised by the parties during the hearing.

PROPERTY DESCRIPTION:

The subject property is a parcel of vacant commercial land, located on the corner of Broadway Boulevard and Broadview Drive. It is comprised of 4.62 acres (210,247 sq ft). The land is part of the Baseline Village expansion lands. It is zoned DC1, Direct Control District.

ISSUE (as indicated on the complaint form):

The Board notes that there were several statements on the appendix to the complaint form; however, it will only address those issues that were raised at the hearing.

1. Based on sales transactions, the assessment per square foot for the subject is too high. Market indicators suggest the assessment should be lower.

COMPLAINANT'S REQUESTED VALUE: \$2,581,500

LEGISLATION:

MUNICIPAL GOVERNMENT ACT, R.S.A. 2000, Chapter M-26

1(1) (n) "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;

285 Each municipality must prepare annually an assessment for each property in the municipality, except linear property and the property listed in section 298.

(2) Each assessment must reflect

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*
- (b) the valuation and other standards set out in the regulations for that property.*

293(1) In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and*
- (b) follow the procedures set out in the regulations.*

(2) If there are no procedures set out in the regulations for preparing assessments, the assessor must take into consideration assessments of similar property in the same municipality in which the property that is being assessed is located.

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.

(2) An assessment review board must dismiss a complaint that was not made within the proper time or that does not comply with section 460(7).

(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.*

MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION 220/2004 (with amendments up to and including Alberta Regulation 330/2009)

2 An assessment of property based on market value

- (a) must be prepared using mass appraisal,*
- (b) must be an estimate of the value of the fee simple estate in the property, and*
- (c) must reflect typical market conditions for properties similar to that property.*

3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

4(1) The valuation standard for a parcel of land is

- a) market value,*

POSITION OF THE COMPLAINANT:

The Complainant submitted that the current assessment on the subject property, based on the direct sales comparison approach, is too high at \$733,983/acre or \$16.85 psf. He presented seven sales comparables of lands that have arterial exposure and non arterial exposure (Exhibit C1 page 13). He suggested that the subject property should be considered as an interior parcel of land because it has no exposure to the east/west arterial of Baseline Road.

Arterial Land Transactions:

The Complainant submitted three sales comparables, all corner lot land parcels, which have arterial exposure. The lots ranged from 1.33- 3.93 acres and have a time adjusted sales price of \$13.13- \$16.94 psf for an average of \$15.09 psf (Exhibit C1 pages 11 &13). Based on the arterial sales comparables, the Complainant applied a -15% locational adjustment to make them similar to the subject property, for an average of \$12.83 psf., and requested a reduction to \$2,581,500 (Exhibit C1 page 14).

Non- Arterial Land Transactions:

Secondly, the Complainant submitted four sales comparables of non-arterial exposure. The Complainant indicated comparables #4 & #5 were analyzed as one sale because they were purchased together on the same date and for the same price per square foot and comparable #7 received a 5% upward adjustment because it is not a corner lot. These lands range from 1.50 to 5.34 acres and have a time adjusted sales price of \$11.02- \$14.92 psf for an average of \$12.60 psf (Exhibit C1 pages 12 & 13). Based on the non-arterial sales comparables, the Complainant derived a value of \$12.60 psf and requested a reduction to \$2,535,000 (Exhibit C1 page 15).

Based on the sales comparables, the Complainant requested the assessment be reduced between \$2,581,500- \$2,535,000.

POSITION OF THE RESPONDENT:

The Respondent submitted that the subject property is an undeveloped component of the Baseline Village Shopping Centre. The site has limited exposure to the Baseline Road but it is accessible from the northerly portions of Baseline Village. The future development plans for this site is retail CRU development, similar to the rest of the complex (Exhibit R1 page 5; Exhibit R1 Appendix 2). The Respondent submitted that the Complainant's request for reduction is based on an incorrect market analysis.

Arterial Land Transactions:

The Respondent reviewed the Complainant's arterial land transactions (comparables #1- 3) and indicated that sale comparable #2 was incorrectly included as an arterial sale. The Respondent also indicated that the Complainant failed to make adjustments for the inferior attributes for the remaining two sales (e.g. inferior zoning, low lying lands) (Exhibit R1 page 6).

Non- Arterial Land Transactions:

The Respondent reviewed the Complainant's non-arterial land sales (comparables #4- 7) and indicated that sale #7 is a non arms length sale which should not be included in the market analysis. He also indicated that the Complainant failed to make adjustments for inferior

attributes for these sales (e.g. inferior zoning, location, irregular configuration, etc) (Exhibit R1 page 7)

The Respondent submitted that the subject property enjoys a locational advantage as a component of the Baseline Village Shopping Centre and sales of a similar nature are quite limited. The Respondent submitted three sales comparables of parcels sizes 2.47- 10.55 acres that sold for \$14.34- \$19.60 psf in support of the subject property's assessment of \$16.85 psf. He indicated that sales comparables #1 & #2 required upward adjustments for size and location and comparable #3 requires a slight downward adjustment as it has exposure to Lakeland Drive (Exhibit R1 Appendix 1 page 8).

The Respondent also presented an appraisal for the subject property prepared by Mr. Brian Gettel who valued the land at \$3,395,000 as of July 1, 2009 (Exhibit R1 Appendix 7). Mr. Gettel referred to 6 sales (he discounted comparables 1 & 6) that were between 0.56 to 10.55 acres and ranged in value from \$480,000- \$826,972/acre. Based on these sales, he derived a rate of \$735,000/acre which supports the assessment at \$733,983/acre or \$16.85 psf (Exhibit R1 Appendix 7, pages 21 & 22).

The Respondent requested that the 2010 assessment for the subject property be confirmed at \$3,391,000.

DECISION:

The decision of the Board is to confirm the 2010 assessment of the subject property at \$3,391,000.

REASONS FOR THE DECISION:

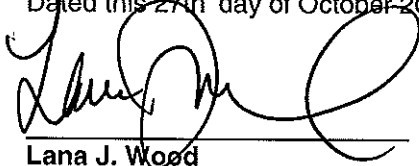
The Board considered all of the sales comparables as presented by both parties and placed the most weight on the following two sales comparables on the basis that these two sales were most similar to the subject property and required the least amount of adjustments.

The first is the non-arterial sales comparable that was presented by both parties which the Board finds similar to the subject property is located at 81 Broadway Boulevard. It is comprised of 3.38 acres, and sold in February 2008 for \$650,000/acre or \$14.92 psf. The Board is convinced that, with an appropriate upward adjustment for exposure to the Baseline Road, it supports the assessment of the subject property (Exhibit C1 page 13; Exhibit R1 page 8).

The second is the Complainant's arterial comparable #3 located at Broadmoor Boulevard and Petroleum Way. It is 3.93 acres and sold in October of 2007 for \$2,900,000 or \$16.94 psf. The Board is convinced that, although it is a low lying lot, it also supports the assessment of the subject property.

Based on the above, the Board finds the Complainant failed to provide sufficient evidence to bring the subject property's assessment into question.

Dated this 27th day of October 2010 at Strathcona County, in the Province of Alberta.



Lana J. Wood
Presiding Officer

DOCUMENTS RECEIVED AND CONSIDERED BY THE BOARD

1. Exhibit C1 Complainant Disclosure filed August 16, 2010
2. Exhibit R1 Respondents Disclosure filed September 13, 2010

Section 470(1) of the Municipal Government Act, RSA 2000, c.M-26 provides you the right to appeal this decision to the Court of Queens Bench on a question of law or jurisdiction. You must make your appeal within 30 days after you receive this notice of decision.

Copy to: Municipal Government Board