

**VILLAGE OF WABAMUN  
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:**

***Shoreside Management Ltd  
Represented by Vicki Specht, Director  
COMPLAINANT***

**and**

***The Village of Wabamun, RESPONDENT  
Represented by Grant Clark, AMAA***

**before:**

***J. Acker, PRESIDING OFFICER  
D. Dobing, MEMBER  
R. Knowles, MEMBER***

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

<b>ROLL NUMBER:</b>	<b>1123</b>
<b>LOCATION ADDRESS:</b>	<b>5108 – 51 Avenue</b>
<b>HEARING NUMBER:</b>	<b>0364 01-11</b>
<b>ASSESSMENT:</b>	<b>\$ 1,096,800</b>

This complaint was heard on 16<sup>th</sup> day of December, 2011 at the Village of Wabamun Council Chambers located at 5108 – 51 Avenue, Wabamun, Alberta.

Appeared on behalf of the Complainant:

- *Vicki Specht*

Appeared on behalf of the Respondent:

- *Grant Clark*

### **Property Description:**

The subject is a 11,496 sq. ft. 31 unit motel situated on a 21,000 sq. ft. parcel of land in the Village of Wabamun. Constructed in 2009-2010, the subject opened for business in June 2010. The construction value of \$1.2 million is a net value insofar as the project was developed by the owner on lands previously purchased.

### **Issues:**

1. The subject property was assessed using the income approach and the value does not represent the true market value of the property.

**Complainant's Requested Value:** \$ 700,000

### **Complainant's Position**

The Complainant testified that she had self-managed the construction of the subject improvement and that its construction cost was approximately \$1,200,000 excluding land. However, economic conditions in the Village of Wabamun have changed due to the closure of the Trans Alta generating plant and the development could not now be sold for anything near its construction and land cost.

Ms. Specht indicated that the occupancy of the subject for the 6 months up to and including December 2010 approached only 25% and the assessor had applied a vacancy allowance of only 50%. The assessor's CAP rate of 13% was also less than her market study which suggested a CAP rate of 14%.

The Complainant provided detailed information on the occupancy of all rooms in the subject for the 2010/2011 period up to October 2011.

### **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 and its location. The rental rate applied of \$70.00/room is at the mid-range of the typical value range in similar properties in the Alberta marketplace and reflects the new condition of the subject. The CAP rate of 13% is consistent with other properties. The vacancy rate of 50% and the operating costs, non-recoverable and

reserve for replacement allowances were also consistent with the typical values in similar sized communities in Alberta. This produced an initial indicator of value for the subject of \$1,233,877.

The assessor indicated that he used values from other jurisdictions since there are insufficient numbers of similar properties in the Village of Wabamun from which to derive typical values.

Following an initial discussion of Ms. Specht's complaint, the Assessor reviewed his calculation and agreed to increase the vacancy allowance to 55% in recognition of the fact that the facility was brand new and just beginning to develop its market. This revised calculation produced a value of \$1,096,800.

The Assessor took an additional step in checking his assessment by taking an alternative approach to value. Utilizing the Marshall & Swift valuation guide (a standard in the Assessment community), he arrived at a cost approach value of \$1,119,172. This value supported his revised assessment.

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

1. The assessment applied to the subject property is correct, fair and equitable.

**Reasons:**

The assessor is required by legislation to conduct an annual assessment of all properties within the Village of Wabamun. In doing so, he is required to utilize a mass appraisal technique to ensure equity between all properties sharing the burden of municipal taxation. The standard to be applied, as required by legislation, is that of market value. Market value is defined as that value arrived at between a willing seller and a willing buyer. Since all properties do not transact in any given year, the assessment process utilizes techniques to value properties recognizing the unique dynamics of the marketplace. It looks to the similarities in groupings of properties which include sufficient numbers of properties that did sell in that period of time and uses these values as indicators of market value to apply to the other properties within the group.

It was an agreed to fact in this appeal that the subject property improvement value was \$1,200,000. The assessor confirmed this utilizing the Marshall & Swift valuation guide to determine the market value from a cost approach.

The central question before the Board is that of determining the market value of the subject in the Village of Wabamun. The Board was concerned that neither of the parties provided any information relative to other properties offering short term accommodation – indeed, there was discussion of a property very near to the subject for which no assessment information was provided.

Testimony from the parties included references to a CAP rate study (Complainant), assessment comparables (Respondent), and supporting information from the wider Alberta marketplace. The Complainant indicated that the economic situation in the Village of Wabamun has resulted in an assessment shift to the subject property and to other business properties in the Village. No supporting information was placed before the board to support any of these assertions.

Accordingly, the Board confirms the assessment at \$1,096,800. No costs to either party.

It is so ordered.

DATED AT THE VILLAGE OF WABAMUN THIS 19<sup>TH</sup> DAY OF December 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:

<b>NO.</b>	<b>ITEM</b>
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	Other Property Type	Hotel/Motel	Income Approach	Rental Rate, CAP Rate