



Composite Assessment Review CARB

REGIONAL MUNICIPALITY OF WOOD BUFFALO CARB ORDER CARB 015-2012

IN THE MATTER OF A COMPLAINT filed with the Regional Municipality of Wood Buffalo Composite Assessment Review Board (CARB) pursuant to Part 11 of the *Municipal Government Act*, being Chapter M-26 of the Revised Statutes of Alberta 2000.

BETWEEN:

LREIT HOLDINGS 43 CORPORATION as represented by Collier's International Valuation & Advisory Services - Complainant

and

The Regional Municipality of Wood Buffalo - Respondent

BEFORE:

J. Acker, Presiding Officer
C. Flett, Member
E. McRae, Member

Appeared on behalf of the Complainant:

Stephen Cook, Associate Vice President
Greg Jobagy, Analyst

Appeared on behalf of the Respondent:

Barry Campbell, Non Residential Supervisor
Ryan Sweeney, Assessor II

ROLL NUMBER: 71025170
LOCATION ADDRESS: 9600 Manning Avenue, Fort McMurray
HEARING NUMBER: 12-020
ASSESSMENT: \$4,928,700

This complaint was heard on 29th day of September 2012 at the council chambers of the RM of Wood Buffalo located at 9909 Franklin Avenue, Fort McMurray, Alberta.

Property Description:

1. The subject is a 1.09 acre parcel improved with two buildings. One is a 3 storey wood frame apartment building which contains 30 units: 12 one bedroom, 15 two bedrooms, and 3 two bedrooms plus den units. The second building is a two-storey townhouse complex that contains 7 three bedroom units.

Issues:

2. The subject property assessment at \$119,967/unit for the apartments and \$189,957/unit for the townhouses is not consistent with market value. Comparable properties indicate a valuation at \$115,000/unit for the townhouse and \$100,000/unit for the apartments.

3. The year-to-year assessment increase from the 2011 assessment is 23% when the market indicates no significant increases in value.

Complainant's Requested Value: **\$ 3,805,000**

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

4. In support of the Complainant's request for a reduced assessed value, he provided the Board with a direct sales comparison approach using 4 comparable properties; two of which are located in Fort McMurray, one located in Edmonton and one in Spruce Grove.

5. The range of values indicated by sales that occurred between June 2007 and November 2010 extended from a low of \$113,710 to \$454,545. The Complainant argued that all four comparables are superior to the subject and that the indicated value should approximate \$100,000 per unit.

6. The Complainant found no sales transactions that would directly indicate a value per unit for town houses. Accordingly, he analysed two town house developments and two apartment developments in Fort McMurray that recently sold. He then averaged the unit areas for the apartments (1,361 sq. ft.) and the town house units (1,612 sq.ft.) and extracted a sales price per square foot for each.

He found that town houses trade for an average of \$288.42/sq. ft. and apartments for \$348.35/sq. ft. He concluded that town houses sell for values 15% higher than apartments.

From this analysis, the Complainant argued that town houses should be valued at a 15% higher value than apartments in Fort McMurray. Accordingly, the subject town house values per unit should be set at \$115,000.

7. The Respondent provided detail on the approach taken by the assessor in using the income approach to value. This income calculation used typical Fort McMurray rental values for the subject property's market area, a vacancy allowance of 10%; a 35% stabilized expense allowance and a 10.75% CAP rate. This produced a rounded value of \$3,599,000

8. For the town house complex, the assessor's income calculation used typical values for the subject property's market area which were: a vacancy allowance of 10%, a 25% stabilized

expense allowance and a 10.75% CAP rate. This produced a rounded value of \$1,329,700.

9. The Board examined the testimony and evidence of the parties and was not persuaded that the markets in Edmonton and Spruce Grove were in any way comparable to that found in Fort McMurray. Accordingly, those comparables were given little weight. The remaining two apartment properties cited by the Complainant exhibit an average value of \$328,984/unit that is almost \$200,000 higher than the subject's assessed value per unit.

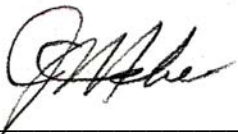
The Board did not find merit in the approach utilized by the Complainant to fix a value on town house units by analysing average prices per square foot for apartment and town house sales and then applying the percentage difference to the subject's value. Insofar as the Complainant's evidence and argument failed to support the requested change in assessment, the Board did not pursue the town house value argument and analysis.

10. Having determined that the Complainant's own evidence did not support a reduction in assessment, the Board did not pursue further investigation into the Respondent's typical values as used in his income approach to value

Board's Decision:

The complaint is dismissed and the assessment is confirmed at \$4,928,700

Dated at the City of Edmonton on the 24th day of October 2012.



J. Acker
Presiding Officer

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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Multi Residential	Apartment	Income Approach	Rental Rate

APPENDIX “A”

DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:

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