



Composite Assessment Review Boards

MUNICIPALITY OF WOOD BUFFALO BOARD ORDER CARB 2016-014

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:

Altus Group Limited – Complainant

- and -

Regional Municipality of Wood Buffalo (RMWB) – Respondent

BEFORE:

Members:

L. McCulloch, Presiding Officer

J. Reid, Member

K. Haxton, Member

Staff:

S. Soutter, Clerk

BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

[1] A hearing was convened on October 7, 2016 in the Regional Municipality of Wood Buffalo in the Province of Alberta to consider a complaint about the assessment of the following property:

Assessment Roll Number	See Appendix D
Civic Address	10025 Gordon Avenue, Fort McMurray AB
Owner	TREIT Holdings 4 Corporation
File Number	ARB 16-095

PROCEDURAL MATTERS

The CARB derives its authority to make decision under Part 11 of the *Municipal Government Act*, R.S.A. 2000, c. M-26.

[2] The parties confirmed that they had no objections to the composition of the Board

[3] The Board confirmed it had no bias in relation to the matters

PRELIMINARY MATTERS

There were no preliminary matters.

ISSUES

[4] Is the Sales comparison approach to value the appropriate method to calculate the assessment of the Subject?

Issue identified on the complaint form	Assessment Amount	Requested Value
An Assessment Amount	\$8,740,020	\$8,133,317

MERIT MATTERS

[5] The subject property consists of twenty-seven apartment condominium units operated as the Nomad Extended Stay Hotel. The property was originally constructed as an apartment building and the various units are configured and designed as a traditional two-bedroom suite. At the end of the construction cycle the owner/developer applied to the municipality to allow the building (which is situated on R3 land) to be used as an apartment hotel. As the building functions as a Hotel the assessment class is non-residential for taxation purposes. Each unit is individually titled with one owner holding all titles on property. It was estimated that the property was built in 2001-2002 however the effective year built was not confirmed by the Complainant or Respondent.

[6] The 2016 assessment was conducted using the Sales Comparison Approach with a total value of \$8,740,020.

Position of the Complainant

[7] The Complainant believed the assessment did not reflect the market value of hotel condominium units. As there had been no sales of hotel units in the past year in Fort McMurray the Complainant suggested that the subject assessment should be calculated using the Income Approach to valuation in order to be treated equitably with other hotels.

[8] Referring to The Ontario High Court of Justice, Regional Assessment Commissioner, Region No.11 and Ness Holdings Ltd. the Complainant suggested this decision established the precedent that if there are no recent sales it is necessary to value the property on the Income Approach.

[9] A schedule of the subject units and 2016 assessments was provided showing values that ranged from \$263,400 to \$337,070. Requested assessments ranged from \$229,809 to \$310,001 with arbitrary rates calculated by the Complainant.

[10] Maps and photographs were provided to show the location and physical characteristics of the exterior of the property. No interior photographs were provided for the units.

[11] Six sales comparables were provided for units located in north and south neighborhoods. One property was located on Gordon Avenue like the subject. Sale dates ranged from July 2014 to July 2015. Sale prices ranged from \$312,000 to \$386,000. Effective year built ranged from 1999 to 2003. The Complainant acknowledged the comparables were in different locations with higher architectural details than the subject. Referring to the median assessment of the comparables at \$302.74 per square foot (/sf) the Complainant suggested the subject should be assessed using the \$300/sf with smaller properties assessed at an ascending scale from \$300/sf base.

Position of the Respondent

[12] The Respondent used a multiple regression analysis to prepare market value assessments. The analysis used three years of time-adjusted sales for residential properties in the Regional Municipality of Wood Buffalo.

[13] Market attributes affecting value in all market areas were identified for single-family residential properties as building size, quality, depreciation or age of the property, lot size, location, site attributes. Additional attributes identified and used by the multiple regression process to arrive at market value for residential condominium properties

included those mentioned above as well as building/complex amenities, plumbing, accessory buildings, condition, additional finish (basement development, lofts), air conditioning, fireplaces.

[14] Apartment style condominiums were assessed in the 2016 multiple regression model on the basis of size, age, suite location (corner versus inside units, top floor versus other floor), number of bedrooms, number of bathrooms, parking lot exposure, traffic influence, views, school and commercial influences and were then adjusted by a specific condominium complex factor.

[15] The Respondent referred the Board to legislation (MGA 290.1), past Court decisions Rowbotham p. 11 (27) and past Municipal Government Board (MGB) decisions (MGB 069/04, MGB 052/04 and MGB 069/04) to suggest that the income approach to value does not recognize the inherent value in the units being individually titled condominiums. The Act and Regulations require the assessment to reflect the market value of each unit and its share of the common property and must be a reflection of the full fee simple interest in each unit. The Respondent referred the Board to Section 285 and 290.1 (1) of the MGA, which requires that each condominium unit and the share in the common property that is assigned to the unit must be assessed as if it is a parcel of land and the improvements to it. Pursuant to these sections each unit in the subject property has a separate title and legal description and therefore requires a separate assessment. These titles possess individual fee simple rights of ownership not experienced with a single titled hotel. The Respondent submitted these rights will affect the fair market value and for that reason the Sales Comparison approach is the most appropriate valuation method.

[16] Seven sales comparables were provided for apartment style condominiums in downtown Fort McMurray. Sale dates ranged from October 2014 to June 2015. Sale prices ranged from \$313,000 to \$377,500. The time adjusted sale price per square foot ranged from \$301/sf to \$343/sf less any separately titled parking stalls. The market average is \$326/sf while the subject property averages \$315/sf. As no units at 10025 Gordon Avenue were listed or sold in the past year no complex adjustment was possible. This afforded the subject property the benefit of a lower assessed value than comparable sales.

[17] The Respondent criticized the comparables offered by the Complainant stating that only one sale was in the same neighborhood as the subject. As the subject property enjoys parks, walking trails, shopping and restaurants all within walking distance this along with other attributes like age, location, view and specific unit attributes (like air conditioning) need to be noted and accounted for in the calculation of sale price/sf for comparables.

[18] It was also noted that the Complainant had not time adjusted the sales to assimilate the July 1, 2015 valuation date as required by legislation.

[19] Seven equity comparables were provided for properties containing corner and inside units like the subject. Sizes ranged from 936 square feet to 1079 square feet with adjustments for river view, corner, green belt views and air conditioning. 2016 Assessments ranged from \$289,364 to \$384,294 or \$293/sf to \$380/sf. The Respondent noted that when the river view and green belt view were factored out and the comparables adjusted for air conditioning the subject property's had a 5.4% lower average assessment per square foot than the comparable accounts.

[20] The Respondent objected to the Complainant's request that \$300/sf rate should be used to assess the subject with smaller properties assessed at an ascending scale from \$300/sf.

[21] As this was not a matter identified on the complaint form the Respondent indicated that it was a matter that could not be addressed by the Board at this time but if the owner decided to register a new condo plan with revised square footage the municipality sets rates according to the sizes within the registered plan.

[22] In order to achieve fairness and equity with other downtown comparable properties in Fort McMurray the Respondent requested that the assessment be confirmed.

DECISION

[23] It is the Decision of the CARB to confirm the assessments

REASON FOR DECISION

[24] In coming to its conclusion, the Board has reviewed carefully the provisions of the *Municipal Government Act* ("MGA"), the *Matters Relating to Assessment Complaints Regulation* ("MRAC") and the *Matters Relating to Assessment and Taxation Regulation* ("MRAT").

[25] With respect to prior decisions rendered by the Assessment Review Board, the Municipal Government Board and the Courts which are submitted as evidence in support of the party's positions, those decisions were made in respect of the issues and evidence that may be dissimilar to what is before this Board.

[26] The Board was not convinced by the Complainant's submission that because the condominiums were operated like a hotel they should be assessed as such. The evidence that each property has historically been individually titled accompanied by the R3 zoning influenced the Board in its determination of how the market value should be reached. The characteristics of the properties were more residential than commercial and therefore the Board determined placed greater weight on the multi regression model and sales comparables provided by the Respondent. The subject unit assessments ranged from \$303.48/sf to \$377.96/sf with an average of \$314.95/sf. The one sale comparable provided by the Complainant located on Gordon Avenue like the subject sold one day after the valuation date for \$336.02/sf. The remaining comparables provided by the Complainant were situated in locations inferior to the subject and while no attributes details were provided the selling prices of \$292.18/sf to \$373.54/sf were within a reasonable range of the subject's assessment.

For these reasons the assessment is confirmed.

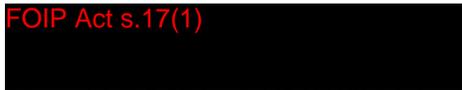
DISSENTING OPINION

[27] There was no dissenting opinion.

[28] The decision of the Composite Assessment Review Boards is final and binding on all parties, subject only to appeal to the Court of Queen's Bench on a question of law or jurisdiction with respect to the decision in accordance to section 470 of the *Municipal Government Act*, R.S.A 2000, c. M-26.

Dated at the Regional Municipality of Wood Buffalo in the Province of Alberta, this
7th day of November 2015.

FOIP Act s.17(1)



L. McCulloch, Presiding Officer

[1] **APPENDIX A**

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB

Exhibit #	Complainants Exhibits	Exhibit #	Respondents Exhibits
C-1.	Complainants Disclosure	R-1	Respondents Disclosure
C-2.	Complainants Rebuttal		

APPENDIX B

REPRESENTATIONS

Person Appearing	Capacity
D. Hamilton	Altus Group
K. Schacker	Assessment and Taxation, Regional Municipality of Wood Buffalo
H. Stinson	Assessment and Taxation, Regional Municipality of Wood Buffalo

APPENDIX C

LEGISLATION

Municipal Government Act

Assessment of condominium unit

290.1(1) *Each unit and the share in the common property that is assigned to the unit must be assessed*

- (a) in the case of a bare land condominium, as if it is a parcel of land, or*
- (b) in any other case, as if it is a parcel of land and the improvements to it*

...

APPENDIX D

File Number	Suite Number	Unit Number	Roll Number
ARB 16-095/1	1101	1	71047050
ARB 16-095/2	1102	2	71047060
ARB 16-095/3	1103	3	71047070
ARB 16-095/4	1104	4	71047080
ARB 16-095/5	1105	5	71047090
ARB 16-095/6	1106	6	71047100
ARB 16-095/7	2201	7	71047110
ARB 16-095/8	2202	8	71047120
ARB 16-095/9	2203	9	71047130
ARB 16-095/10	2204	10	71047140
ARB 16-095/11	2205	11	71047150
ARB 16-095/12	2206	12	71047160
ARB 16-095/13	2207	13	71047170
ARB 16-095/14	3301	14	71047180
ARB 16-095/15	3302	15	71047190
ARB 16-095/16	3303	16	71047200
ARB 16-095/17	3304	17	71047210
ARB 16-095/18	3305	18	71047220
ARB 16-095/19	3306	19	71047230
ARB 16-095/20	3307	20	71047240
ARB 16-095/21	4401	21	71047250
ARB 16-095/22	4402	22	71047260
ARB 16-095/23	4403	23	71047270
ARB 16-095/24	4404	24	71047280
ARB 16-095/25	4405	25	71047290
ARB 16-095/26	4406	26	71047300
ARB 16-095/27	4407	27	71047310