



**Composite Assessment Review Boards**

**REGIONAL MUNICIPALITY OF WOOD BUFFALO BOARD ORDER CARB 2016-028**

**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:**

Rio Verde Properties Ltd. – Complainant

- and -

Regional Municipality of Wood Buffalo (RMWB) – Respondent

**BEFORE:**

Members:

J. Biollo, Presiding Officer

I. Dewan, Member

S. Odemuyiwa, Member

Staff:

S. Soutter, Clerk

**BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT**

[1] A hearing was convened on Friday, December 9, 2016 in the Regional Municipality of Wood Buffalo in the Province of Alberta to consider a complaint about the assessment of the following property:

|                               |                           |
|-------------------------------|---------------------------|
| <b>Assessment Roll Number</b> | 71012180                  |
| <b>Civic Address</b>          | 10108 Manning Avenue      |
| <b>Owner</b>                  | Rio Verde Properties Ltd. |
| <b>File Number</b>            | ARB 16-026                |

[2] The subject property, an unfinished 131 walk-up apartment, with a total assessed area of 13,056,740 (square feet) sq. ft. The subject property is assessed on the cost approach to value.

**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.

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

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

**ISSUE(S)**

[5] Is the 2016 assessment of the subject property fair and equitable?

- a) Key factors and variables include location, zoning, parcel size, parking, improvement size, land use, and influences particularly access.

| <b>Issue identified on the complaint form</b> | <b>Assessment Amount</b> | <b>Requested Value</b> |
|---|--------------------------|------------------------|
| An Assessment Amount                          | \$8,586,130              | \$4,700,000            |

**Position of the Complaint**

[6] The Complainant filed this complaint on the basis that the subject property assessment of \$8,586,130 was inequitable and in excess of the comparison approach, using the best comparable sales. In support of this position, the Complainant presented a 179 page brief (Exhibit C-1).

[7] The Complainant argued that:

- a. The current assessment does not properly account for atypical deficiencies present in the subject property as of the state and condition date.
- b. The subject property is zoned Central Business District 1 (CBD1) in Lower Townsite – McMurray Community. The total area of the property, which has been under construction for several years, is 140,542 sq. ft.

[8] The Complainant presented undated satellite maps, assessment maps and a picture of the subject property suggested as being taken June 2014.

- [9] The Complainant argued the subject property is being treated inequitably against similar competing properties, as it is atypical and not of the same quality and construction as similar properties. The subject property transferred for a value of \$4,700,000 which is significantly lower than the current assessment.
- [10] Mr. Melhem, appearing on behalf of the Complainant, requested a recess in order to confer with his client.
- [11] The Complainant stressed that the subject property is atypical in that the Regional Municipality of Wood Buffalo had applied a stop order and a caveat to the title of the subject property, which required complete demolition of the subject property. In the Complainant's opinion, the stop order and caveat on the subject property were not considered in the 2016 assessment of the subject. The caveat registered on title would impact the market value as evidenced by the transfer of the subject property.
- [12] The Complainant requested the Board consider the atypical deficiencies present in the subject property, and that comparable market transactions support a lower assessed value of \$4,600,000 based on the realization that the subject property was purchased for less than the current assessment.

**Position of the Respondent**

- [13] Defending the current year assessment, the Respondent presented two documents (Exhibit R-1, 15 pages and Exhibit R-2, 9 pages) that included an assessment brief and supporting documentation.
- [14] The Respondent reviewed the definition of "mass appraisal" as set out in the International Association of Assessing Officers, Property Appraisal and Assessment Administration and explained that mass appraisal is a methodology for valuing individual properties, which involves stratifying properties into groups of comparable properties, that common attributes are identified for the properties in each group, and that a uniform valuation model is calibrated for each group using market information incorporating the property attributes.
- [15] The Respondent accepted the Complainant's position concerning the atypical categorization of the subject property and was agreeable to exploring a lower 2016 assessment based on the knowledge of outstanding invoices outlining remediation of the site, concluded in the assessment year. Both parties were in agreement to further explore what the revised assessment would be after the hearing.

- [16] The Respondent argued that the sale of the subject property presented by the Complainant was not sufficient to establish the basis of value. It was a court ordered sale, and the company that purchased it (Rio Verde Properties) has the same director and majority shareholder as the company who went into foreclosure (Edinburgh Tower Development). As such, the Respondent argued that it is a non-arm's length transaction and cannot be considered a market value transaction.
- [17] It is the Respondent's position that the condition of the subject property is that the building was first started in 2012, has had on and off again construction, and is at a completion amount of 30% or a July 1, 2015 depreciated assessed value of \$5,734,428.
- [18] The Respondent concluded that although on inspection, the remediation of the unsightly conditions has been completed and there should be an amount available for review, no documentation of costs to cure any outstanding deficiencies have been submitted by the Complainant for review or consideration.
- [19] The Respondent requested the Board accept the 2016 assessment of \$8,586,130.

### **DECISION**

- [20] The decision of the Board is to reduce the recommended assessment from \$8,586,130 to \$8,425,480 in recognition of \$160,650 of invoice evidence supplied by the Complainant to the satisfaction of the Respondent as it relates to remediation expenses of the subject property within the assessment year.
- a. The Board acknowledges negotiations between the Complainant and Respondent were ongoing during the Composite Assessment Review Board (CARB).
  - b. Evidence of the cost associated with remediation of the subject property was not available or entered during the hearing but was supplied to the satisfaction of the Board and the Parties shortly thereafter and was therefore considered in this decision.

**REASONS FOR THE DECISION**

- [21] The Board accepts the atypical categorization outlined by the Respondent, and agreed to by the Complainant, noting several qualitative factors such as location, parcel size, improvement size, zoning and land use.
- [22] The Board notes that with mutually agreed adjustments based on evidence not provided at the hearing, regarding remediation of the subject property, that an adjustment to the 2016 assessment may be warranted.
- [23] The Board was not convinced by the Complainant's argument that the subject property should be assessed at a lower rate due to the property transfer for a value of \$4,700,000. The Board was not convinced this was an arms-length transaction.
- [24] The Complainant failed to convince the Board in proving the incorrectness of the assessment. The Complainant failed to provide sufficiently compelling evidence on which a change to the assessment can be based.
- [25] 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").

**DISSENTING OPINION**

- [26] There was no dissenting opinion.
- [27] 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  
30<sup>th</sup> day of December 2016

FOIP Act s.17(1)



---

Jacqueline Biollo, Presiding Officer

**APPENDIX A**

---

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB

| <b>Exhibit Number</b> | <b>Description</b>                      |
|-----------------------|---|
| C1                    | Complainants Submission (179 pages)     |
| R1                    | Respondents Assessment Brief (15 pages) |
| R2                    | Respondents Evidence (9 pages)          |

**APPENDIX B**

---

REPRESENTATIONS

| <b>Person Appearing</b> | <b>Capacity</b>                                 |
|-------------------------|---|
| W. Melhem               | MNP LLP Ltd.                                    |
| M. Fielden              | Assessor, Regional Municipality of Wood Buffalo |