

Central Alberta

Regional Assessment Review Board

LARB 0262 885 2017
Complaint ID 885
Roll No. 30000233175

LOCAL ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: May 18, 2017

PRESIDING OFFICER: A. Knight
BOARD MEMBER: J. Dawson
BOARD MEMBER: T. Hansen

BETWEEN:

1987694 ALBERTA LTD.

Complainant

-and-

THE CITY OF RED DEER

Respondent

This decision pertains to a complaint submitted to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by an Assessor of The City of Red Deer as follows:

ROLL NUMBER: 30000233175
MUNICIPAL ADDRESS: 5117 2660 22 Street
ASSESSMENT AMOUNT: \$379,100

The complaint was heard by the Local Assessment Review Board on the 18th day of May, 2017, in the Culture Services Multipurpose Room in the City of Red Deer within the province of Alberta.

Appeared on behalf of the Complainant:
Stephen Cook – Colliers International Realty Advisors Inc.

Appeared on behalf of the Respondent:
Stephen Beveridge – The City of Red Deer Revenue and Assessment Department
Cale Green – The City of Red Deer Revenue and Assessment Department

DECISION: The assessed value of the subject property is confirmed.

JURISDICTION

- [1] The Central Alberta Regional Assessment Review Board [“the Board”] has been established in accordance with section 456 of the *Municipal Government Act*, RSA 2000, c M-26 [“MGA”], and City of Red Deer Bylaw No. 3474/2011, *Regional Assessment Review Board Bylaw*.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is an apartment condominium located at 5117 2660 22nd Street, in the City of Red Deer, Alberta, with legal description 0926323;20.
- [3] A property assessment complaint was submitted on March 16, 2017, by Colliers International Realty Advisors Inc. on behalf of Ron Cadman, owner of 1987694 Alberta Ltd.
- [4] Confirmation of receipt of complaint and Notice of Hearing was sent to the parties on April 11, 2017, with a revised Notice of Hearing sent May 15, 2017.

PRELIMINARY MATTERS

- [5] The Board Chair confirmed that no Board Member raised any conflicts of interest with regard to matters before them.
- [6] Neither party raised any objection to the panel hearing the complaint or its jurisdiction.
- [7] The Respondent requested an opportunity to provide a surrebuttal to the Complainant's rebuttal document. The Board agreed to provide a verbal surrebuttal opportunity to the Complainant's rebuttal document. No objection was received from the Complainant.
- [8] The Complainant corrected an error on page 31 of Exhibit C.1. The paragraph that stated “The last Sale was for Unit #5112 which sold for \$351,000 in December 2014” should have actually read “...December 2015”.The Board accepted the correction without objection from the Complainant and corrected the same values on page 8 of Exhibit R.1.
- [9] No additional preliminary or procedural matters were raised by either party. Both parties indicated that they were prepared to proceed with the complaints.
- [10] The Board confirmed the submissions of the parties and entered the following Exhibits into the record:
- A.1 – Clerk's Hearing Materials
 - C.1 – Complainant's disclosure
 - R.1 – Respondent's disclosure
 - C.2 – Complainant's rebuttal

ISSUES

- [11] The Board considered the parties' positions and determined the following questions are to be addressed within this decision:
- a) Is there a stigma that requires an adjustment to the assessment?
 - b) Is the assessment supportable?

POSITION OF THE PARTIES

Position of the Complainant

- [12] The Complainant presented the details pertaining to the subject property identifying its location, characteristics, and history.
- [13] The Complainant provided an analysis of the subject property's neighbourhood, ownership history, and perceived issues which resulted in their requested value:
- I. The subject property is within a condominium project identified as phase one of what was intended to be a three phase project.
 - II. The condominium is characterized as a 'broken condo' and suffers from stigma associated with a failed development.
 - III. The deficiencies within the subject property have resulted in a liability to all parties to the condominium property, including the presence of an ongoing lawsuit purported to be \$10,000,000.
- [14] The Complainant indicated that due to the lawsuit mentioned above, there are no sales within the condominium project during the valuation period.
- [15] The Complainant provided as evidence the "Venu Urban Residences Building Envelope Assessment", which identified numerous deficiencies within the condominium project where the subject property is located, ultimately resulting in the lawsuit noted above.
- [16] The Complainant provided as evidence a document titled "An Appraisal Report Of Two Vacant Land Holdings Located At: Unit 2, Condominium Plan 092 6309, Unit 3, Condominium Plan 092 6309, 2660 22 Street, Red Deer, Alberta". There is no estimate of value within the appraisal report for a property comparable to the subject property.
- [17] The Complainant provided as evidence the "Indoor Air Environmental Assessment Venu Living Condominiums Red Deer, AB", which found standing water, significant water damage to the wood structures, and fungi growth within one unit of the condominium project where the subject property is located.
- [18] The Complainant surmised to the Board that several Board decisions provided relevant guidance when valuing similar circumstances.
- [19] In summary, the Complainant requested that due to the problems identified with the subject property and the findings from the appraisal report, the assessed value of the subject property be varied to \$229,000.

Position of the Respondent

- [20] The Respondent presented an overview of the subject property identifying its location and characteristics.
- [21] The Respondent indicated that any perceived 'stigma' associated with the subject property would be reflected within listings and sales; however, sales within the complex continue to be on average higher than assessed values.
- [22] The Respondent testified that they must assess the subject property as if 'unencumbered'.
- [23] The Respondent commented that it is normal practice to reflect any extraordinary costs to remediate any deficiencies once the true value of the subject is known, and there has been an opportunity to review and make an adjustment for the perceived 'stigma'.
- [24] The Respondent presented a sales analysis showing three comparable sales, which indicated that the subject property is assessed within the range demonstrated. Additionally, the Respondent provided ten sales within the condominium complex during the valuation period with an average assessment to sales ratio of 0.96, and forty-one sales in the condominium complex since conception with an assessment to sales ratio of 0.94. The Respondent provided four listings since the deficiencies were identified in the subject property, and the lawsuit being filed with an average assessment to listing ratio of 0.94 indicating consistency with previous sales.
- [25] The Respondent provided an equity comparison chart, and stated it demonstrates a fair treatment of the subject property.
- [26] The Respondent concluded that the subject property is assessed correctly and fairly, requesting that the Board confirm the assessment of \$379,100.

BOARD FINDINGS and DECISION

- [27] The Board finds that previous Board decisions do not create a precedence though they can be helpful guidance during the deliberation process. However, none of the decisions referred to the Board by the Complainant provided any helpful guidance with the circumstances presented to the Board.
- [28] The Board finds that both the Building Envelope Assessment and Indoor Air Environmental Assessment proves that there are problems with the building and are relevant to the value of the subject property; however, the cost to remedy has not been provided, and as such, the Board placed little weight on this evidence.
- [29] The Board accepts that there is a lawsuit and an estoppel certificate which may be contributing to a stigma; however, no market evidence has been submitted to the Board in order to suggest a quantifiable impact on value.
- [30] The Board finds that the appraisal report provided by the Complainant is for vacant land and is no value in determining the assessment of a residential condominium dwelling unit.

[31] The Board finds the Respondent's submissions of sales activity is the only evidence to assist the Board in determining the appropriate assessment value during the valuation period.

DECISION SUMMARY

[32] The Board finds that the Respondent values are confirmed.

[33] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 19th day of June, 2017 and signed by the Presiding Officer on behalf of all the panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



AL KNIGHT
Presiding Officer

This decision can be appealed to the Court of Queen's Bench on a question of law or jurisdiction. If you wish to appeal this decision you must follow the procedure found in section 470 of the MGA which requires an application for leave to appeal to be filed and served within 30 days of being notified of the decision. Additional information may also be found at www.albertacourts.ab.ca.

APPENDIX

Documents presented at the Hearing and considered by the Board

NO.

ITEM

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| 1. A.1 | Clerk's Hearing Materials |
| 2. C.1 | Complainant's disclosure |
| 3. R.1 | Respondent's disclosure |
| 4. C.2 | Complainant's rebuttal |