



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 114/11

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The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on July 18, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10100341	2603 - 76 Avenue NW	Plan: 0729253 Block: 1 Lot: 1	\$21,353,000	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
Francis Ng, Board Member
John Braim, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Matthew Pierson

Persons Appearing on behalf of Respondent:

Rebecca Ratti, Barrister & Solicitor, City of Edmonton
Stephen Leroux, Assessor, City of Edmonton

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

At the commencement of the hearing, the Complainant objected to the evidentiary package of the Respondent (R-1) as it contained three sections where information had been included in addition to what was originally disclosed, namely;

1. Pages 31, 32 & 33 each comprised an SPSS Detail Report referencing three of the equity comparables and one sales comparable used by the Complainant in his original disclosure. The Respondent stated they had provided the information only to show that the Complainant's disclosure contained data that was incorrect.
2. Pages 68 – 73 contained market overviews from Real Estate Intelligence and Colliers.
3. Pages 74 – 80 being an extract from the **Appraisal Institute of Canada** publication *The Appraisal of Real Estate - Second Canadian Edition*.

The Respondents argued that they had disclosed the information on time and had fully complied with the *Matters Relating to Assessment Complaints Regulation*, AR 310/2009. Furthermore this was general support information and not specific evidence to the subject property.

The decision of the Board is to allow the rebuttal evidence provided by the Respondent but not to allow the supporting information.

BACKGROUND

The subject property comprises a large warehouse located in the south-east industrial subdivision. The land has an area of 20.338 acres and is improved with a distribution warehouse having a gross building area of 153,230 sq ft resulting in a site coverage ratio of 16%. The building was constructed in 2007 and is zoned IM, medium industrial. The subject has a finished mezzanine area of 9,046 sq ft and it is in average condition for its age.

ISSUES

1. Is the assessed value of the subject property equitable with similar properties?
2. Is the assessment of the subject property equal to its market value?

LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

S.467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

S.467 (3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- a) the valuation and other standards set out in the regulations,*
- b) the procedures set out in the regulations, and*
- c) the assessments of similar property or businesses in the same municipality.*

POSITION OF THE COMPLAINANT

The Complainant provided the Board with a brief (C-1) indicating the building area was 159,176 sq ft with a main floor area of 144,184 sq ft and an upper floor area of 9,046 sq ft.

The Complainant provided the Board with a chart (page 15) detailing an equity comparison of four large warehouse properties located in the general area of the subject with buildings ranging in size from 132,720 sq ft to 190,111 sq ft. The assessments ranged from \$76.56/ sq ft to \$97.61/ sq ft with the median and mean both being close to \$85/ sq ft as opposed to the subject that is assessed at \$134/ sq ft. The land areas ranged from 6.98 acres to 16.44 acres with a median and mean of 11.71 acres. The site coverage ratios ranged from 21% to 53.8%. Based on the above indicated rate of \$85/ sq ft the requested assessment for the subject is \$13,530,000.

The Complainant then provided the Board with a second chart (C-1, page 16) detailing the same four equity comparables. It provided similar information but with all of the land removed to show the implied unit rates for the comparables and the subject building improvements only. The value of the land deducted was at a rate of \$400,000 per acre and this unit rate had been estimated from a survey of vacant land by the Complainant and detailed in Appendix B – Land Sales (C-1, page 26). This calculation resulted in a unit rate for the comparable buildings only that ranged from \$45.48/ sq ft to \$64.68/ sq ft with a median of \$60.24/ sq ft and a mean of \$57.66/ sq ft. By applying this same method to the subject property the assessment unit rate for the subject property is \$83.03/ sq ft. If this equity comparable rate is then applied to the area of the subject the subject assessment would be \$17,368,000 when the value of the vacant land is added back.

The Complainant also provided the Board with a chart (C-1, page 17) detailing four large warehouse properties located in the south-east industrial district that had sold and had been time adjusted to valuation day. The comparables ranged in size from 114,438 sq ft to 261,535 sq ft and were located on parcels of land ranging in size from 5.15 acres to 16.44 acres. The time adjusted sale prices equated to unit rates ranging from \$67.46/ sq ft to \$96.37/ sq ft with median and mean rates of around \$83.00/ sq ft. The subject is assessed at \$134/ sq ft. If the rate of \$83 is applied to the subject the resulting assessment would be \$13,211,608. This was then adjusted up by 20% to 25% to compensate for the age and land size differentials. This resulted in a final estimated value for the subject of between \$15,854,000 and \$16,505,000.

In conclusion the Complainant requested the assessment of the subject property be reduced to \$16,500,000.

POSITION OF THE RESPONDENT

The Respondent provided the Board with an assessment brief containing a chart (R-1, page 23) detailing six sales of larger warehouses, four of which were located in the south-east industrial area and had sold between March 2007 and June 2010. The year built ranged from 1965 to 2007, the total building sizes from 53,153 sq ft to 291,285 sq ft producing site coverage ratios ranging from 8% to 39% as opposed to the subject that was built in 2007, has a total building area of 153,230 sq ft and a site coverage ratio of 16%. The time adjusted unit rates of the comparables ranged from \$116.06/sq ft to \$231.03/ sq ft which support the assessment of the subject at \$139.35/ sq ft.

The Respondent also provided the Board with an equity chart detailing 5 equity comparables (page 30) located in the south-east industrial area. The year built ranged from 1984 to 2006, the sizes from 74,508 sq ft to 145,280 sq ft and the site coverage ratios from 10% to 28%. The subject property is 153,230 sq ft. Like the subject all the comparables are in average condition for their age. The unit rates of the equity comparables range from \$124.05/sq ft to \$186.01/sq ft. for the smallest property. The property most similar in size to the subject property is also of similar age and has a 25% site coverage ratio.

In rebuttal to the Complainant's equity comparables, the Respondent also provided SPSS Detail Report sheets, Corporate Registry extracts and other information indicating the Complainant's equity comparables #1 and #4 (C-1, page 15) were non-arms length sales.

The Respondent argued the gross floor area of 159,176 sq ft included the second floor area of unfinished space that is non-assessable.

DECISION

After reviewing all the evidence and arguments of the Complainant and the Respondent, the decision of the Board is to confirm the 2011 assessment of the subject property at \$21,353,000.

REASONS FOR THE DECISION

1. The Board was persuaded by the evidence of the Respondent which included both sales comparables and equity comparables that were all in average condition like the subject. Three of the comparables were also of similar age to the subject. Four were located in the south east industrial district
2. Although there was a wide variation in many of the features, the Respondent's comparable sales #4 & #5 were considered to be the best indicators of value at \$125.32/ sq ft and \$138.30/ sq ft respectively. These two were the most similar in size to the subject and #4 was the same age as the subject. Comparable #5 was reasonably similar in age, requiring an upward adjustment to make it like the subject property (R-1, page 23). Although the site coverage ratio is higher than the subject, these two sales support the assessed value.

3. The equity comparables provided by the Respondent were equally diverse in regards to age, and size. However equity comparable #4 (R-1, page 30) is of similar size and age, although again slightly higher in site coverage ratio.
4. The Board placed little weight on the sales comparable evidence of the Complainant (C-1, page 17) as the Respondent had provided rebuttal evidence indicating that Complainant's sale #1 and #4 were non-arms-length sales (R-1, pages 38 – 58). In addition there was an error in the size of the Complainant's sale #1, and the Board noted the four sales comparables were older than the subject. Furthermore, three of the sales had substantially higher site coverage ratios (41%, 48% & 54%) than the subject which has a site coverage ratio of 16%.
5. The Board placed little weight on the Complainant's equity chart (C-1, page 15) as again the size of comparable #1 was in error. Sales #3 & #4 had site coverage ratios that are inferior to that of the subject thus driving up the relative rate of the subject. In addition, no evidence was provided in regard to age, condition and other factors like ceiling height that would assist the Board to determine the comparability to the subject.
6. The Board also placed little weight on the Complainant's equity chart (C-1, page 16) as the size of comparable #1 was in error. In addition no evidence was provided with regard to age, condition and other factors like ceiling height, dock loading, etc that would enable the Board to compare them with the subject. Furthermore the Complainant's Appendix "B" – Land Sales (C-1, page 26) was an extract from the City of Edmonton Title Transfers and the Board was informed that the City provides this information as raw data with no distinction between arms-length and non arms-length sales. The Board noted most of these land sales were smaller than the subject and would require adjustments for size. Furthermore, there was no support information that would allow the Board to discern the other relative merits of each sale such as location adjustments, servicing, etc.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 18th day of August 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, Presiding Officer

This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, R.S.A. 2000, c.M-26.

cc: Concert Real Estate Corporation