

**NOTICE OF DECISION      NO. 0098 15/12**

Brad Roberts, R & R Property Management Ltd  
5650 99 Street  
Edmonton, AB T6E 1V2

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 June 4, 2012, respecting a complaint for:

<b>Roll Number</b>	<b>Municipal Address</b>	<b>Legal Description</b>	<b>Assessed Value</b>	<b>Assessment Type</b>	<b>Assessment Notice for:</b>
10200484	5704      99 STREET NW	Plan: 6712KS Block: 14 Lot: 2 / Plan: 0726763 Block: 1 Lot: 1	\$8,150,500	Annual New	2012

*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, RSA 2000, c M-26.*

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cc:    CVG  
      R & R PROPERTY MANAGEMENT LTD

## **Edmonton Composite Assessment Review Board**

**Citation: Brad Roberts, R & R Property Management Ltd v The City of Edmonton,  
ECARB 2012-000398**

**Assessment Roll Number:** 10200484  
**Municipal Address:** 5704 99 STREET NW  
**Assessment Year:** 2012  
**Assessment Type:** Annual New

Between:

**Brad Roberts, R & R Property Management Ltd**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### **DECISION OF**

**James Fleming, Presiding Officer**

**Darryl Menzak, Board Member**

**Judy Shewchuk, Board Member**

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### **Preliminary Matters**

- [1] There were no issues of bias raised by Board members.
- [2] There was no objection to the composition of the panel by any of the parties.
- [3] The Respondent indicated that they had a recommendation for a reduction in the assessment from \$8,150,000 to \$7,580,000 and would be providing details during their presentation.

### **Background**

- [4] The property is an Owner/User (Sun Ray Spas) industrial building built in 2010 classed as average condition and comprised of 34,565 square feet (sq. ft.) of space, situated on a 188,904 sq. ft. irregular parcel (consolidating 2 lots) of land on a major artery in the south east of the City. The property has 5,760 sq. ft. of office/showroom and 5,760 sq. ft. of mezzanine storage. The balance of the space (28,805 sq. ft.) is warehouse manufacturing. The zoning for the property is IM (Medium Industrial), and the property was valued on the Direct Sales Comparison (DSC) Approach.

## **Issue(s)**

[5] The Complaint Form indicated one issue; that the assessment is highly overvalued and not in line with other comparables. While the Complaint was originally filed by the property owner, they subsequently authorized an agent to act on their behalf, and at the Hearing, the agent indicated they were proceeding to argue the following two issues:

- i. Should the property be assessed on the Cost Approach (as an incomplete building), or should it be assessed as an operating property on the DSC approach in accordance with the City policy for industrial warehouses?
- ii. If the property is to be assessed on the DSC method, what is the best evidence of value?

## **Legislation**

[6] The Municipal Government Act reads:

### ***Municipal Government Act, RSA 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**

[7] The Complainant indicated that in 2011, the assessment had been completed using the Cost Approach, consistent with the City's practice for properties under construction. The property was assessed as 80% complete, for a value of \$5,268,997 for 2011. The Complainant suggested that as of Dec. 31<sup>st</sup> 2011 (the condition date), the building was 90% complete. When combining the 90% building value with the calculated land value (with an agreed to time adjustment), the 2012 value should be \$5,409,337. (See Ex. C1, pgs. 1 & 2). The Complainant provided pictures to support the 90% claim (Exhibit C-1, pgs. 4 – 7).

[8] The Complainant provided 4 sales comparables with ages ranging from 1991 to 2001 and sizes from 31,560 sq. ft. to 40,000 sq. ft. The site coverage of the comparables ranged from 17% to 34%, and the time adjusted sales prices per sq. ft. (TASP) ranged from \$110.62 per sq. ft. to \$181.40 per sq. ft. The Complainant suggested that comparables #1 and #4 were the most comparable and with TASP's of \$167.57 and \$181.40 respectively, indicated a value of \$160.00 per sq. ft. was appropriate.

[9] This resulted in a value of \$5,530,400, which the Complainant rounded to a request of \$5,500,000, noting also that this amount was very close to the value derived from the Cost approach (\$5,409,337).

## **Position Of The Respondent**

[10] The Respondent advised that they had reviewed their files on this property, and they were making a recommendation to reduce the assessment on the property from \$8,150,000 to \$7,580,000 for two reasons. First, they had discovered that they had the wrong area for the office space, and so they reduced that from 10,588 sq. ft. to 5,760 sq. ft. The second change was to grant a - 5% adjustment for the shape of the northern portion of the lot.

[11] The Respondent pointed out that the property had been occupied by the Owner/User since January 2011, and so while there might have been small amounts of work remaining to be done to the property, it was clear that the property was occupied and used for its intended purpose during the assessment year, and so should be valued in a similar manner to the remainder of the industrial warehouse inventory in the City. Further, they indicated that the second floor mezzanine was classed as storage with no impact on value. If the area was subsequently developed as office space, it would be reevaluated.

[12] The Respondent provided 6 Sales comparables (Exhibit R-1, pg. 24). These comparables varied in year of construction from 1964 to 2004. Four of the comparables were less than 15,000 sq. ft. (the subject is 34,565 sq. ft.), and one (#5) was almost twice the size of the subject. Site coverage of the comparables varied from 8% to 20% (the subject is 18%). The TASP's based on Total Floor area ranged from \$199.45 per sq. ft. to \$297.92 per sq. ft., which the Respondent argued supported the "revised" TASP for the subject at \$219.31 per sq. ft.

[13] They also provided 7 Equity comparables (Exhibit R-1, pg. 34) that further supported their valuation with TASP's (Total) from \$218.31 per sq. ft. to \$257.47.

[14] Finally, the Respondent noted that the Complainant's #1 Sale was a multi-parcel property with access issues, and #4 Sale was post-facto

## **Decision**

[15] The Complaint is allowed in part, and the assessment is reduced to **\$7,580,000**, the amount contained in the City's recommendation.

## **Reasons For The Decision**

[16] The CARB considered all of the evidence and argument. With respect to the method of valuation, the CARB notes that the Complainant acknowledged that the property had been occupied in 2011, and so while they argued that the property was not 100% complete, they suggested that less weight be placed on the Cost approach arguments. This information, combined with the Respondent's pictures from 2011 clearly showing occupancy (Exhibit R-1, pgs. 16 & 17) support the CARB's finding that the property was occupied and used for its intended purpose in 2011, and therefore the DSC method of valuation is the appropriate method to be used for preparation of the 2012 assessment.

[17] Having established that the DSC method is an appropriate valuation method, the CARB turned to assessing the comparables. The CARB notes that it is the responsibility of the Complainant to show that the assessment is incorrect.

[18] The CARB reviewed the comparables and analysis provided by the Complainant. Of the two comparables recommended by the Complainant, # 4 was not on a main roadway (according

to the City), and the site coverage is almost twice that of the subject. In addition the property is 20 years older than the subject. No evidence was provided to quantify any adjustments to the comparable, and so the CARB does not put much weight on Comparable #4. The CARB did take note that the sale was post-facto, but observes that post-facto (but still within the assessment year) data may be used to show trends etc.

[19] Comparable #1 is fairly similar in size and site coverage but is 14 years older than the subject, and is not located on a major roadway.

[20] From its experience, the CARB notes that the difference in age of properties is not as significant for older properties as it is for new ones (i.e. all things being equal, the difference in value between a building built in 1981 and 1971 is less significant than the difference in value between buildings built in 2010 and 2000). Accordingly, the CARB concludes it is more important to provide same age comparables for newer buildings. There is support for this position in the City's evidence (Exhibit R-1, pg. 7) which cite age and condition as some of the factors affecting value and used in the model. As noted above, the Complainant's comparable #1 is 14 years older than the subject. So, with potentially significant adjustments required for age, (and also perhaps location), and with little evidence on the magnitude of the adjustments, the CARB is unwilling to put much weight on the comparable.

[21] Accordingly, with little confidence in the Complainant's two preferred comparables, the CARB concludes there is insufficient evidence to disturb the assessment (as revised by the City).

### **Dissenting Opinion**

[22] There was no dissenting opinion.

Heard commencing June 4, 2012.

Dated this 13th\_\_\_\_\_ day of June\_\_\_\_\_, 2012, at the City of Edmonton, Alberta.

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James Fleming, Presiding Officer

### **Appearances:**

Tom Janzen  
for the Complainant

Will Osborne  
for the Respondent