



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 179/10

Altus Group Ltd
17327 106A Avenue
Edmonton AB T5S 1M7

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 August 11, 2010 respecting a complaint for:

Roll Number 1075720	Municipal Address 4204 92 Avenue NW	Legal Description Plan: 7820294 Block: 9 Lot: 1
Assessed Value \$4,197,500	Assessment Type Annual - New	Assessment Notice for: 2010

Before:

Ted Sadlowski, Presiding Officer
Mary Sheldon, Board Member
Brian Carbol, Board Member

Board Officer:

Segun Kaffo

Persons Appearing: Complainant

Walid Melhem, Altus Group

Persons Appearing: Respondent

Blair Rustulka, Assessment and Taxation

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.

The Complainant raised a preliminary issue alleging that the Respondent was in violation of Section 8 of the *Matters Relating to Assessment Complaints Regulation*, AR 310/2009. According to the allegation, the Respondent's summary of the testimonial evidence was not in "sufficient detail to allow the Complainant to respond to or rebut the evidence at the hearing."

The Board did not concur with the allegation and considered that the summary of testimonial evidence provided by the Respondent was sufficient. As a result, the preliminary issue was denied.

Submissions and argument on the sales and equity comparables provided by the parties are carried forward from Roll #9979206.

BACKGROUND

The subject property is a single tenant small warehouse built in 2001 and located in the Eastgate Business Park subdivision in the City of Edmonton. The property has a lot size of 292,563 square feet and site coverage of 1%. The zoning for this property is IM (Medium Industrial). This low site coverage makes the subject a unique property and, as a result, it is assessed using the cost method.

ISSUES

The Complainant attached a schedule to the complaint form listing numerous issues. However, most of these issues were abandoned. The issues that remained to be decided were as follows:

1. The assessment of the subject property is in excess of its market value for assessment purposes;
2. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.

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.*

The Matters Relating to Assessment Complaints Regulation, AR 310/2009;

s.8 (2) If a complaint is to be heard by a composite assessment review board, the following rules apply with respect to the disclosure of evidence:

- (b) the respondent must, at least 14 days before the hearing date,*
- (i) disclose to the complainant and the composite assessment review board the documentary evidence, a summary of the testimonial evidence, including a signed witness report for each*

witness, and any written argument that the respondent intends to present at the hearing in sufficient detail to allow the complainant to respond to or rebut the evidence at the hearing.

POSITION OF THE COMPLAINANT

1. The Complainant agreed with the Respondent that the subject was properly assessed using the cost method as the low site coverage made it a unique property. The Complainant agreed that the correct value to be applied to the improvements on the subject property was \$260,522 (C-1, page 6). However, the Complainant argued that the value attributed to the land portion of the property was excessive. He submitted to the Board that both sales and assessments of similar properties indicated that the subject should be assessed at a lower value.
2. In support of his argument that the assessment of the land value of the subject should be reduced, the Complainant produced a chart of land sales comparables to the subject (C-1, page 9). This chart referenced eight sales of land, all zoned as industrial and ranging in size from 177,712 sq. ft. to 333,681 sq. ft. The average adjusted price per square foot of these comparables was \$9.46 whereas the assessment per square foot of the subject was \$13.46 (C-1, page 9)
3. The Complainant also produced a chart of the 2010 assessments of similar land properties (C-1, page 11). The average assessment per square foot of these properties was \$11.36 whereas the assessment per square foot of the subject was \$13.46.
4. The Complainant submitted to the Board that the appropriate value to be attributed to the land portion of the subject was \$9.46 per square foot based on his calculations on his land sales chart. The Complainant requested a reduction of the assessed value to \$3,027,000 based on the \$9.46 per sq. ft. value applied to the 292,563 square foot size of the parcel along with the undisputed \$260,522 applied to the improvements (C-1, page 10). In the alternative, the Complainant requested a reduction to \$3,585,000 based on the value of \$11.36 per square foot, which was calculated from his land value equity chart, to be applied to the size of the parcel along with the value applied to the improvements (C-1, page 12).

POSITION OF THE RESPONDENT

1. The Respondent acknowledged that the parties agreed that the cost approach was appropriate to use in this case as the low site coverage of the subject makes it a unique property. The Respondent also acknowledged that the parties agreed that there was no dispute as to the value to be placed on the improvements. However, in support of his argument that the assessment of the land portion of the subject was fair and equitable, the Respondent provided a chart of land sales of similar properties (R-1, page 11). All were located in the south east quadrant of the City. The range of values averaged \$13.55 per square foot while the subject was assessed at \$13.45 per square foot (R-1, page 11).
2. The Respondent also provided a land value equity comparison chart to the Board (R-1, page 12). This chart used the same equity comparables as the Complainant had used (C-1, page 11) He argued that the equity comparables with a much lower assessment per square foot than the subject were either in inferior locations or were unserviced lots.
3. The Respondent submitted that when the problems with the equity comparables are taken into account, the assessment of the subject at \$13.46 per sq. ft. is fair and equitable.

DECISION

The decision of the Board is that the 2010 assessment of the subject property should be confirmed at \$4,197,500.

REASONS FOR THE DECISION

1. The Board notes that the land sales comparables used by the Respondent are, with the exception of one comparable, smaller than the subject property. The Board accepts the submission of the Complainant that there was a later sale in 2006 for comparable #1 which would be of more value in comparison (R-1, page 13). As well, the Board notes that the zoning for one of the Respondent's comparables is CSC (C-2, page 2) and the Board was not satisfied with the Respondent's explanation that industrial zoning was the effective zoning. The Board notes that a note on R-1, page 17 indicates that the Respondent's land sales comparable #5 ought to be used with caution. The deficiencies render the Respondent's land sales comparables less valuable.
2. The Board notes that the Complainant has provided land sales data for properties of approximately the same size as the subject, with similar zoning and location. However, the Board acknowledges there are difficulties with the Complainant's land sales data in that some of the lots may not be serviced while others are encumbered by utility rights of way and restrictive covenants. These factors would tend to lower values.
3. The Board notes further that when the equity comparables are considered – the Complainant and the Respondent have used the same equity comparables – the average assessment per square foot is \$11.36 (R-1, page 12). The Board accepts the Respondent's submission that equity comparables #1 and #2 are the best comparables. They are in a similar location to the subject and of similar size. The Board accepts the Respondent's submission that equity comparables #3, #7, and #8 are outliers, in inferior locations and consist of unserviced lots. The assessments per square foot of those equity comparables #3, #7 and #8 are much lower than the other comparables and thus make the average assessment per square foot of those equity comparables unreliable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 2nd day of September, 2010, at the City of Edmonton, in the Province of Alberta.

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: Municipal Government Board
IPEX Inc.