



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
Phone: (780) 496-5026

NOTICE OF DECISION NO. 0098 197/11

CVG
1200-10665 JASPER AVENUE
EDMONTON, AB T5J 3S9

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 September 6, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
2173896	11224 142 Street NW	Plan: 4990HW Block: 2 Lot: 2	\$2,767,500	Annual New	2011

Before:

John Noonan, Presiding Officer
Judy Shewchuk, Board Member
Ron Funnell, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Peter Smith, CVG

Persons Appearing on behalf of Respondent:

Suzanne Magdiak, City of Edmonton

BACKGROUND

The subject property is a multi-tenant office/warehouse building of approximately 32,800 square feet on a lot of approximately 58,900 square feet in the Huff Bremner Estate Industrial neighbourhood of northwest Edmonton. Site coverage is 53% and construction year was 1968. The 2011 assessment is \$2,767,500, prepared by the direct sales comparison approach.

ISSUE(S)

The complaint form identified a number of issues: that the assessment was greater than the July 1, 2010 market value and inequitable in relation to assessments of similar properties; the capitalized value of the actual net operating income is less than the assessment; the property details and description do not correctly reflect actual physical characteristics; an analysis of ASRs (assessment to sales ratios) of similar properties supported a lower assessment value.

At the hearing, evidence and argument from the Complainant addressed a single issue:

1. Do the Complainant's sales comparables justify a lower assessment?

In addition to market sales evidence, the Respondent also addressed assessment equity.

LEGISLATION

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

The Complainant requested the assessment be reduced to \$2,460,000. The request was based on an analysis and comparison of 6 sales that concluded an appropriate per sq.ft. value for the subject of \$75 as opposed to the assessed value of \$84.36.

The 6 sales occurred between June 2009 and October 2010, were time-adjusted by the same factors employed by the Respondent, and showed per sq.ft. values ranging from \$48.86 to \$69.90.

Attention was drawn to 4 sales in particular:

1. 11771 167 Street – a newer, 1978-built 70,567 sq.ft. building with lower site coverage, 42%, sold in June 2009 for \$69.85 per sq.ft. time-adjusted.
2. 11504 170 Street – a 1981-built 69,209 sq.ft. building with 52% site coverage, similar to the subject. To account for renovations required after purchase, the \$4 million sale was revised to \$5 million, yielding a per sq.ft. cost of \$69.90.
3. 11603 165 Street – built in 1979, one of the better value indicators, a May 2010 sale of a 54,555 sq.ft. building with 42 % site coverage, at \$59.67 per sq.ft.
4. 14635 121A Avenue – a 1965 vintage 41,349 sq.ft. building with 33% site coverage, sold October 2010 at \$61.67 per sq.ft.

The Complainant further pointed out that 4 of the Respondent's equity comparables, those with site coverages in the 51-58% range, supported the requested \$75 per sq.ft. value by showing assessments of \$78.59, \$82.79, \$78.07 and \$76.74.

POSITION OF THE RESPONDENT

The sales comparison model employed sales occurring from January 2007 through June 2010. Factors affecting value in the warehouse inventory were location, lot size, age and condition of improvements, main floor area, developed second floor and mezzanine area.

In defense of the assessment, eight older, west end sales comparables with average and higher site coverage were presented. Building areas ranged from 11,172 sq.ft. to 46,685 sq.ft.; lot sizes from 27,557 sq.ft. to 114,962 sq.ft.; and site coverages from 33-56%. Time-adjusted sales prices ranged from \$77-\$130 per sq.ft. Ten equity comparables drawn from the west end with high site coverages showed per sq.ft. assessments ranging from \$76.74 to \$88.84 compared to \$84.36 for the subject.

Shortcomings of some of the Complainant's comparables were mentioned. Of those sales highlighted, the 170 Street property had been verified as a valid sale, but with \$1 million spent on renovation and mechanical upgrade after the sale.

DECISION

The CARB confirms the assessment of \$2,767,500.

REASONS FOR THE DECISION

The CARB found that of the sales highlighted by the Complainant the first 3 were dissimilar in building size and lot size. The strongest evidence from the Complainant was the 121A Avenue property that sold in October 2010. At a minimum the CARB can consider this sale for trending purposes; however, the CARB notes the subject's superior 142 Street location. Consequently this comparable was also found lacking.

The sales evidence provided by the Respondent was also found wanting, with wide variance between the subject and the comparables in respect to building size, lot size or both. The CARB recognizes that the parties cannot manufacture evidence for the convenience of the Board: the market evidence from similar properties is available or it is not. Confronted with an absence of highly comparable sales evidence, the CARB relied upon the equity comparables which tended to show that the subject was at least equitably assessed.

Dated this 26th day of September, 2011, at the City of Edmonton, in the Province of Alberta.

John Noonan, 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, RSA 2000, c M-26.

cc: PRODOR CONSTRUCTION CO LTD.