



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 198/11

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:
1511005	11530 154 Street NW	Plan: 1850AE Block: Y	\$6,842,500	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 consists of one office building and two warehouses with a combined total area of approximately 38,100 square feet on a lot of 193,649 square feet in the Garside Industrial neighbourhood. Site coverage is 18%. The larger 22,109 sq.ft. warehouse was built in 1977, the smaller 7,800 sq.ft. warehouse in 2008, and the 8,238 sq.ft. office building in 2006. Included in the office area is a mezzanine of some 438 sq.ft. The 2011 assessment of the property was \$6,842,500, 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 \$4,768,000. The request was based on an analysis and comparison of 8 sales that concluded an appropriate per sq.ft. value for the subject of \$125 as opposed to the assessed value of \$179.37.

The 8 sales occurred between January 2008 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 \$132.24 with most in the \$50-\$70 range.

Attention was drawn to 3 sales in particular:

1. 12802 156 Street - January 2008 sale at \$101.15 per sq.ft. Building area of 41,740 sq.ft. on 6.36 acres or 15% site coverage. The subject has 38,147 sq.ft of development, 18% site coverage.
2. 17803 118 Avenue – a much smaller property, 15,426 sq.ft. on 2.34 acres or 15% site coverage, in a good location. This July 2009 sale at \$132.24 per sq.ft. should establish a top end value, the property being smaller by half compared to the subject.
3. 11543 154 Street – across the street from the subject, the 2 buildings had 84,832 sq.ft. of development on 20.5 acres stretching east to 149 Street, or 9% site coverage. This July 2010 sale represented a price of \$48.86 per sq.ft.

The agent, Mr. Smith, volunteered the office building was sited on the southeastern part of the property, far removed from busy 156 Street and thus not an ideal location. As well, despite this being the owner's headquarters, there was no executive office, the owner preferring to rub shoulders with the design staff on the main floor open-office area. On the open market, Mr. Smith couldn't see anybody leasing this office space. Regardless, the Respondent appeared to have assessed the office as if it were a normal layout, and better situated.

The subject assessment had increased 38% year-over-year, from \$4,949,000 to \$6,842,500 in a flat to little-changed market.

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, six west end sales comparables with low site coverage were presented. Building areas ranged from 11,453 sq.ft. to 27,800 sq.ft., lot sizes from 47,040 sq.ft. to 129,730 sq.ft., and site coverages from 19-24%. Time-adjusted sales prices ranged from \$159-\$199 per sq.ft. Twelve equity comparables drawn from the west end with low site coverages showed per sq.ft. assessments ranging from \$172.51 to \$190.61.

Addressing the 38% year-over-year increase in assessment, Ms. Magdiak explained that last year the subject was not properly identified as being on a major road, an oversight now corrected. As well, in previous years the assessment only considered the total building area; this year, the model distinguished three separate buildings on site.

Regarding the Complainant's comparable sales, the 156 Street property's detail report showed 15 buildings on the property including several small "cold storage" (unheated) facilities and relocatable offices that would attract minimal assessment. The 118 Avenue property had only 608 sq.ft. of upper level finish in comparison to 3,800 sq.ft. at the subject, and so that comparable would require an upward value adjustment. As to the 154 Street property, the City's sales verification process had determined this transaction to be non-arm's length and the price determined by an option agreement three years old.

DECISION

The CARB reduces the assessment to \$4,768,000.

REASONS FOR THE DECISION

The Board was persuaded by the Complainant's arguments and sales comparables supporting a reduction in assessment. The Complainant had suggested that most weight be placed on his 3 strongest sales comparables. The Board found merit particularly in the sale at 12802 – 156 Street. The subject, despite its address, is also on 156 Street. The comparable is less than half the distance to the Yellowhead corridor than the subject and sold for a time adjusted price of \$4,222,180. This property is almost 2 acres larger than the subject but has an improvement of some 12,000 sq.ft. less, disregarding the numerous outbuildings. This comparable persuaded the Board that the Complainant's request was reasonable.

The Respondent's comparables were much smaller in both building size and lot size. The CARB was not convinced that the per sq.ft. values derived from these much smaller properties would have relevance in establishing a value for the subject.

The CARB placed greater significance on the market evidence of the 156 Street sale than the conclusions derived from the Respondent's corrected model inputs.

Dated this 27th 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: K HANSEN MASONRY LTD