



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 201/11

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 8, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10005451	11313 - 170 STREET NW	Plan:2477KS Block:2 Lot: 11 / Plan: 477KS Block: 2 Lot: 12 / Plan:2477KS Block:2 Lot: 10 / Plan:1956RS Block: 2 Lot: 8A / Plan: 1956RS Block:2 Lot: 9A	\$8,183,000	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:

Will Osborne, Assessor, City of Edmonton

BACKGROUND

The subject consists of 2 main office/warehouse buildings totalling 58,079 sq.ft., including 3,247 sq.ft. of mezzanine and 13,246 sq.ft. of main floor office space. They were built in 1972 and 1995 but have effective years of 1985 and 1999. Together with 3 additional smaller buildings of nominal value, the main improvements are situated on 6.02 acres of land for a site coverage of 22%. The 2011 assessment is \$8,183,000 or \$140.89 per sq.ft., 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 presented 8 sales comparables which sold between January 2008 and October 2010 for time adjusted sale prices ranging from \$132.24 to \$48.86 per sq.ft. Of the 8 comparables the Complainant favoured 4:

1. 12802 – 156 Street at 41,740 sq.ft. which sold for \$101.15 per sq.ft. in January 2008 and is situated on a 6.36 acre lot for a site coverage of 15%;
2. 17803 – 118 Avenue at 15,426 sq.ft. which sold for \$132.24 per sq.ft. in July 2009 and is situated on a 2.34 acre lot for a site coverage of 15%;

3. 11504 – 170 Street at 69,209 sq.ft., which sold for \$69.90 per sq.ft. (adjusted for a \$1 million renovation) in August 2009 and is situated on a 2.47 acre lot for a site coverage of 52%;
4. 11543 – 154 Street at 84,832 sq.ft., which sold for \$48.86 per sq.ft. in July 2010 and is situated on a 20 acre lot for a site coverage of 9%.

The Complainant stated that the subject assessment had increased 27% year-over-year, from \$6,158,500 to \$8,183,000 in a flat to little-changed market.

The Complainant asked that the assessment be reduced to \$5,808,000 or \$100 per sq.ft.

POSITION OF THE RESPONDENT

The Respondent presented 17 sales comparables all in the west end of the city selected for their site coverage, age, and size. These were presented in 3 categories intended to show comparability to the 2 separate larger buildings of the subject. The third category was intended to show comparability to the total area. The time adjusted sale prices per square foot of the 17 comparables ranged from \$111.76 to \$272.50 with the subject assessed at \$140.89.

The Respondent also supplied 16 equity comparables, all in the west end of the city and again presented in 3 categories, in support of the subject assessment.

DECISION

The CARB reduces the 2011 assessment to \$6,957,500.

REASONS FOR THE DECISION

The subject property covers 22% of a 6.02 acre L-shaped lot fronting on 170 Street with the bottom part of the “L” extending eastward along 113A Avenue.

This hearing was one of a sequence of west end property complaints and both parties asked the Board to carry forward their comments and questions from previous hearings.

The CARB had serious reservations about the sales comparables presented by both parties, but was equally concerned by the valuation attributed at \$140.89 per sq.ft. This value was well in excess of a number of other 170 Street properties the panel dealt with in a number of other hearings. The CARB recognizes that this assessment is complicated by the presence of 2 separate buildings, between which the value of a very large lot is split.

The CARB tested the assessment by employing a “what if” test. The Respondent compared the subject’s 2 separate buildings to other properties with similar improvement sizes. Similarly, the CARB viewed the 19,467 sq.ft. building as a separate property fronting 113A Avenue, removed from 170 Street, and thus not deserving of a premium major road valuation. At 33% typical site coverage this building would require a lot of 58,990 sq.ft. or 1.35 acres. The CARB decided that this portion of the property should command a value of approximately \$80 per sq.ft. or \$1,557,500.

One of the Complainant's comparables was an October 2012 sale at 14635 – 121A Avenue. Not as well located, older, and a larger improvement, the site coverage of this comparable was 33% and sold for \$61.67 per sq.ft. Adjusting for the smaller size of the “what if” subject, its better location, and newer construction, the Board determined that the \$80 per sq.ft. was appropriate.

The remainder of the 6.02 acre property would then house a building with a footprint of 35,365 sq.ft. on 4.67 acres of prime 170 Street location or 17.4% site coverage. Conveniently, the Respondent's equity comparables contain a 34,172 sq.ft. building with 18% site coverage at 16230 – 118 Avenue, assessed at \$152.68 per sq.ft. Applied to the subject's footprint, the resulting value is \$5.4 million.

The sum of the parts is \$6,957,500 or \$119.80 per sq.ft. of total improvement. The CARB decides this value is a better reflection of market than those presented by the parties.

Dated this 29th 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: ACCENT FINANCIAL INVESTMENTS