



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 203/11

John C. Manning
c/o 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:
1032465	11704 - 170 STREET NW	Plan:7721396 Block:1 Lot:4 / Plan:7721396 Block:1 Lot:3	\$6,654,500	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:

Will Osborne, Assessor, City of Edmonton

BACKGROUND

The subject is a multi-tenant office/warehouse of 73,853 sq.ft., including 2,461 sq.ft. of office space. It was built in 1981 and is situated on 4.729 acres of land for a site coverage of 36%. The 2011 assessment is \$6,654,500 or \$90.10 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 6 sales comparables which sold between June 2009 and October 2010 for time adjusted sale prices ranging from \$78.61 to \$48.86 per sq.ft. Of the 6 comparables the Complainant favoured three:

1. 11771 – 167 Street at 70,567 sq.ft. which sold for \$77.33 per sq.ft. (adjusted for the installation of a sprinkler system) in June 2009 and which is assessed at \$85.48 per sq.ft.;
2. 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
3. 11603 – 165 Street at 54,555 sq.ft., which sold for \$59.67 per sq.ft. in May 2010.

The site coverages for these 3 comparables are 42%, 52%, and 42% respectively while the site coverage for the subject is 36%.

The Complainant, in response to the Respondent's comments that most of the comparables were not on major roads, suggested that if the sale price of 11603 – 165 Street were adjusted by 18% (a figure which the Respondent stated was appropriate for a major roadway) the value would be \$70 per sq.ft. which supported his request for a reduction.

The Complainant submitted that 6 of the Respondent's 7 comparable sales are three years older than valuation date and, consequently, are not as relevant as more recent sales. The Complainant stressed that 3 of his comparables sold within one year of the valuation date and that the other 3 are within the valuation year, albeit post facto the valuation date of July 1, 2010.

The Complainant asked that the assessment be reduced to \$5,539,000 or \$75 per sq.ft.

POSITION OF THE RESPONDENT

The Respondent presented 7 sales comparables in the various areas of the city selected for their site coverage, age, and large size. The time adjusted sale prices per square foot values of the seven comparables range from \$93.62 to \$146.69 with the subject assessed at \$90.10. The Respondent was critical of the Complainant's sales comparables for reasons of location, requirements for repairs/renovations, etc.

The Respondent also supplied 8 equity comparables, all in the west end of the city, which supported the subject assessment.

DECISION

The CARB confirms the assessment at \$6,654,500.

REASONS FOR THE DECISION

The subject covers 36% of a 4.73 acre lot on busy 170 Street.

The CARB found particular support for the assessment in 2 of the sales presented: the Respondent's sale at 11448 – 149 Street and the Complainant's comparable at 11771 – 167 Street. The 149 Street sale in June of 2007 realized a price per sq.ft. of main floor area of \$94. This property had 10,000 sq.ft. more main floor improvement (83,961 vs the subject's 73,853) on a similarly sized lot (4.9 acres vs the subject's 4.73).

The 167 Street sale was 2 years newer, having sold in June 2009. The Complainant derived a time and renovation adjusted price of \$77.33 per sq.ft. The Board heard that properties on major roads like 170 Street attract premium adjustments of 12% - 18%. Applying such an adjustment to the 167 Street sale would imply a value range of \$86.60 - \$91.25 per sq.ft.

The Complainant presented an August 2009 sale, also on 170 Street. This property has 52% site coverage of a 2.47 acre lot. Adjusted for the \$1 million required roof repairs and time, the Board heard this sale represented a price per sq.ft. of \$69.90. The Respondent cautioned that a \$4 million sale requiring a further \$1 million renovation expense was atypical and likely depressed the sale price. The Board finds some merit in this argument. At the very least, such a transaction would have encountered a financing challenge. In comparison to values seen in other well located transactions, the CARB was inclined to view the 11502 – 170 Street sale as a low outlier.

The CARB is satisfied that the subject's assessment at \$90.10 per sq.ft. is fair and equitable.

Dated this 28th 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: CVG
CARIBIA CANADA LTD