



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 204/11

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:
1523216	11703 - 170 STREET NW	Plan: 7621851 Block: 8 Lot: 2	\$4,970,500	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, City of Edmonton

BACKGROUND

The subject is a multi-tenant office/warehouse of 55,857 sq.ft., including 20,720 sq.ft. of office space. It was built in 1976 and is situated on 3.239 acres of land for a site coverage of 40%. The assessment is \$4,970,500 or \$88.99 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 40%.

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 3 of the Respondent's 4 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 6 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 \$4,469,000 or \$80 per sq.ft.

POSITION OF THE RESPONDENT

The Respondent presented 4 sales comparables in the west end, similar to the subject in age and site coverage. Three were in average condition while the fourth comparable was shown to be in fair condition. The time adjusted sale price per square foot of the four comparables ranged in value between \$93.62 and \$104.47.

The Respondent provided 15 equity comparables only one of which was not on a major roadway.

The Respondent in argument pointed out that the subject is on a major roadway while all but one of the Complainant's comparables were not.

DECISION

The CARB confirms the 2011 assessment at \$4,970,500.

REASONS FOR THE DECISION

The best evidence before the Board was the Respondent's November 2007 sale at 11670 – 170 Street. This property sold for a time adjusted \$4,745,000. There is a discrepancy in the improvement size for this sales comparable: the Network date sheet shows a building area of 51,409 sq.ft. while the sales comparable table in the Respondent's evidence shows an area of 46,685 sq.ft. Giving the benefit of a doubt, employing the larger area generates a per sq.ft. sales price of \$92.30, very close to the subject's assessed value of \$89. In comparison to that sale, the subject's assessment is some \$225,000 greater, which greater amount covers an improvement 4,400 sq.ft. larger (51,409 vs 55,857 for subject) and a lot 1 acre larger (2.36 vs 3.24 for subject).

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 \$88.99 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: PRODOR CONSTRUCTION CO LTD.