



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
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July 6, 2010

NOTICE OF DECISION NO. 0098 23/10

CANADIAN VALUATION GROUP LTD
SUITE 1200, 10665 JASPER AVENUE
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THE CITY OF EDMONTON
600 CHANCERY HALL
3 SIR WINSTON CHURCHILL SQUARE
EDMONTON, AB T5J 2C3

This is a decision of the Assessment Review Board (ARB) from a hearing held on June 29, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Number 10097096	Municipal Address 5219 47 Street NW Edmonton	Legal Description Plan 0727603 Block 19 Lot 6
Assessed Value \$15,078,500	Assessment Type Annual New	Assessment Year 2010

Before:

Dean Sanduga, Presiding Officer
Mary Sheldon, Board Member
Brian Hetherington, Board Member

Alison Mazoff, Board Officer

Persons Appearing: Complainant

Tom Janzen,
Canadian Valuation Group LTD. (CVG)

Persons Appearing: Respondent

Steve Radenic, City Assessor
Rebecca Ratti, Lawyer

PROCEDURAL MATTERS

The question of bias was raised and all parties indicated that there was no bias

Both the Complainant and the Respondent indicated that there were no preliminary matters.



ISSUES

1. Is the 2010 assessment of the subject property correct when the sales of similar properties are considered?
2. Is the 2010 assessment of the subject property equitable in relation to the 2010 assessments of similar properties?
3. Is the value per sq. ft. of the subject assessed by the Respondent higher than the values derived from sales of similar properties?

LEGISLATION

The Municipal Government Act, R.S.A. 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.

BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

The subject property was described to the Board as a single- tenant warehouse building constructed in 2006 in the South East quadrant of the City and comprising 152,056 sq. ft. The site coverage was 40%. (Exhibit C-1, page 1) Both parties agreed that the appropriate method of assessing industrial warehouse properties was the direct sales approach.

POSITION OF THE COMPLAINANT

1. The Complainant submitted 5 sales comparables for the Board's consideration, all of which he stated were similar in some respects to the subject. (Exhibit C-1, page 1 with detailed information on pages 4-8). He submitted as well, the City's current assessment per sq. ft. of these properties as equity comparables. (Exhibit C-1, page 1)
2. The Complainant advised the Board that the sales of these properties took place in close proximity to the July 1 valuation date.
3. The Complainant's opinion was that it was most valuable to consider sales close to the valuation date in establishing value in that no time adjustment, or only a minor one, would have to be applied. He further submitted to the Board that the post facto sales ought to be considered as they took place close to the valuation date.

4. The Complainant informed the Board that, while his sales comparables did differ in various respects from the subject, such as in site coverage, building size, age and location, he suggested that these differences could be accounted for by making appropriate upward or downward value adjustments.
5. The Complainant further submitted to the Board that, while some of his comparable sales were located in the North West quadrant of the City, the market in the North West quadrant would be comparable to the market in the South East quadrant..
6. The Complainant submitted to the Board that the 2010 assessment for the subject property should be based on \$90.00 per sq. ft. which would result in an assessment of \$13,685,000.

POSITION OF THE RESPONDENT

1. In support of the Respondent's position that the 2010 assessment of the subject was fair and equitable, the Respondent submitted sales comparables for the Board's consideration. (Exhibit R-1, page 17) He pointed out to the Board that while three of the five sales were located in the North West quadrant of the City, these sales comparables could be used to establish value for the subject in the South East quadrant since there were so few sales transactions involving buildings of comparable size in the South East quadrant of the City. The Respondent submitted to the Board that, while these sales were completed in 2006, 2007 and 2009, time adjustments were applied to arrive at a proper time adjusted sales value. The Respondent submitted that the average time adjusted price per sq. ft. of the comparables was \$103.09. The 2010 assessment per sq. ft. of the subject was \$99.16. The Respondent argued that this would support the 2010 assessment of the subject property.
2. The Respondent provided equity comparables to the Board. (Exhibit R-1, page 23) This chart showed that the average assessment per square foot of these equity comparables which were located in the South East quadrant of the City was \$107.01 since the first comparable was the subject property. The Respondent argued that the assessment per sq. ft. of the subject, at \$99.16 was appropriate.
3. The Respondent submitted that any post facto sale should not be considered in establishing current assessment year value. (Exhibit R-2, page 22-23)
4. The Respondent submitted to the Board that the 2010 assessment of the subject property was fair and equitable.

FINDINGS

1. The Board is of the opinion that it is more appropriate to compare properties in the same quadrant of the City unless the property is so unique in some respect or respects that few comparables can be found in that quadrant.
2. The Board notes that in accordance with the *Matters relating to Assessment and Taxation Regulation of the Municipal Government Act, Part 1, Sec. 3*,
"Any assessment prepared in accordance with the Act must be an estimate of the value of property on July 1 of the assessment year."

The Board accepts that, in general, a post facto sale should only be used to establish trends in the marketplace. However, a post facto sale could be used to assist in establishing value if

evidence were provided that the parties to the sale agreed to the purchase price prior to the valuation date.

DECISION

The Board concludes that the 2010 assessment of the subject property should be confirmed at \$15,078,500.

REASONS FOR THE DECISION

1. While the Board is prepared to consider sales comparables from outside the South East quadrant given the unique size of the subject, the Board considered that the sales comparables presented by the Complainant were too different from the subject to be valuable comparisons. Two of those sales are post facto (#4 and #5). (Exhibit C-1, page 1) Two are considerably larger than the subject property. (#2 and #3). The second comparable was built in 1972 and the first comparable was built in 1996 while the subject was built in 2006.
2. The Board considered the sales comparables presented by both the Complainant and the Respondent and concluded that the sales presented too many differences to be valuable comparisons. In particular, age, site coverage and building area vary widely.
3. In view of the above, the Board is of the opinion that neither party provided persuasive sales comparables
4. However, it is the responsibility of the Complainant to prove to the Board that the 2010 assessment of the subject property is incorrect.
5. The Board concludes that the Complainant has not shown to the Board that the 2010 assessment of the subject property to be incorrect.

DISSENTING DECISION AND REASONS

There were no dissenting opinions.

Dated this 6th day of July, 2010 at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: MUNICIPAL GOVERNMENT BOARD
CC GREAT-WEST LIFE ASSURANCE COMPANY