



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
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NOTICE OF DECISION NO. 0098 273/11

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 October 12, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10014634	10047 108 Street NW	Plan: NB Block: 7 Lot: 39	\$1,170,000	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
James Wall, Board Member
Petra Hagemann, Board Member

Board Officer: Segun Kaffo

Persons Appearing on behalf of Complainant:

Tom Janzen

Persons Appearing on behalf of Respondent:

Chris Rumsey
Jerry Sumka

PROCEDURAL MATTERS

Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

PRELIMINARY ISSUES

There were no preliminary issues.

BACKGROUND

The subject property is a 7,550 square foot vacant parcel of land located at 10047 - 108 Street NW in downtown Edmonton. The property is assessed as a paved parking lot. The subject property is an interior lot not fronting a main roadway.

ISSUE(S)

Is the 2011 assessment of \$1,170,000 correct?

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 submitted a 5 page document (C-2) which outlined the grounds for challenging the correctness of the assessment of the subject property. The subject property is assessed at \$154.28 per square foot; in addition the site includes improvements valued at \$5,255.

The Complainant submitted 11 vacant land sales comparables (C-2, pg 1) dated January 2006 to January 2009 in the downtown area of Edmonton. Details of these sales comparables are shown in document C-1. This brief also included a chart of the 2011 commercial land time adjustments (pg 15) and a map showing parking lot valuation areas.

The Complainant notes that commercial land values based on the time adjustment chart supplied by the City, decreased from June 2009 to July 1, 2010. The subject property's assessment for 2010 (based on July 1, 2009 valuation date) was \$158.86 per square foot. Applying the June 2009 time adjustment factor to this assessment would result in a July 1, 2010 value of \$140.26 per square foot indicating that the assessment is excessive.

The Complainant indicated that the City applied the same land rate of \$154.28 per square foot to all undeveloped interior parcels in the downtown area. No adjustment is made for locations in the heart compared to the perimeter of the downtown area or for locations on major roadways. The only adjustment to the standard land rate assessment is a 7.7% premium if a property is located on a corner.

The Complainant submitted to the Board that the properties west of 105 Street should be valued at a lower rate than those east of 105 Street and closer to the heart of the downtown area. Sales comparables 1-6 are west of 105 Street and comparable sales 7-11 are located east of 105 Street and their time adjusted sales prices confirm this reasoning.

The Complainant further submitted in the rebuttal document (C-3), a decision of the Assessment Review Board dated September 2, 2011. The CARB decision referred to a single vacant lot located west of 105th Street in the downtown area of Edmonton which states “The Board was persuaded by the Complainant’s reasoning that the western parts of the downtown area were likely to lag behind in development as compared to the central or core portions, and hence, are deserving of consideration for a more favorable assessment”.

The Complainant requests a reduction in the 2011 assessment of the subject property to \$130.00 per square foot for the land or a total of \$986,500 including improvements.

POSITION OF THE RESPONDENT

The Respondent provided the Board with a 38 page Assessment brief (R-1) and a Law and Legislation brief (R-2). The assessment brief contained mass appraisal methodology, the subject property detail report, and sales/equity comparables.

The Respondent confirmed that properties are assessed using a vacant commercial land model that adjusts for attributes that impact market value in order to arrive at a typical market value for properties in the subject’s class.

The Respondent informed the Board that the City assesses all vacant commercial land in the downtown area (97 Street to 110 Street, south of 104th Avenue) applying no adjustments to recognize differences in sizes or locations. A 7.7% premium is applied to all corner sites.

The Respondent’s brief contain 8 sales comparables (R-1, pg 15) which range in size from 3,000 square feet to 37,477 square feet and exhibit a range in time adjusted sale prices from \$111.75 per square foot to \$206.41 per square foot; indicated average of \$156.40 per square foot. Locations of these sales comparables were in the general downtown area of the city between 103 and 108 Streets north of Jasper Avenue to 102 Avenue. The Respondent noted that all of his sales comparables were also used by the Complainant in his evidence.

The Respondent provided the Board with 20 equity comparables (R-1, pg 16) located throughout the downtown area which are assessed at the same rate (\$154.28 per square foot) as the subject.

The subject property is not located on a corner therefore the Respondent requests the Board to confirm the assessment on the subject property at \$1,170,000 (\$154.28 per square foot for land and \$5,255 for site improvements).

DECISION

The decision of the Board is to reduce the 2011 assessment of the subject property to \$986,500 (\$130.00 per square foot plus the value of the improvements).

REASONS FOR THE DECISION

1. Previous Assessment Review and Municipal Government Boards have found that each assessment is independent of the previous year's assessment because it is based on the market value on valuation date and not on the previous year's assessment.
2. The Board placed no weight on the Respondent's equity comparables (R-1, pg 16) as no locational differences were recognized.
3. The Board was persuaded by a review of sales comparables provided by both parties that some location adjustments are in order in valuing commercial parking lots in the downtown area. Specifically it is the Board's opinion the area of downtown considered as a value base for these assessments is too large and location adjustments are in order in determining market value. Sales comparables from both parties indicate lower values in the area west of 105 Street compared to the areas closer to the heart of downtown. The Board accepts this value premise for commercial parking lots located in the downtown area.
4. The Board was persuaded by the Complainant's sales comparables #1-#4 with time adjusted sales prices ranging from \$110.31 per square foot to \$142.05 per square foot with an average of \$128.33 per square foot; median of \$130.47 per square foot (C-1, pg 1). The Complainant's sales comparables #5 and #6 are given no weight as the Board agrees with the Respondent's evidence that these sales comparables may not represent typical sales. Negotiations and initial offers on sales comparable #5 took place on a 2 year time period prior to the purchase of the property being approved by City Council. Sales comparable #6 represents a purchase by the adjoining owner and the Board agrees with the Respondent that this is an outlier. All of these comparables were located either on or west of 105 Street.
5. The Board put weight on the Respondent's comparables #1, 4, 5 and 8 (R-1, pg 15). The time adjusted sales prices for these comparables range from \$111.75 per square foot to \$142.05 per square foot; with an average of 128.60 per square foot and a median of \$130.30 per square foot. They exhibit sizes from 7,771 square feet to 22,188 square feet. All are similar to the subject in that they are located either on or west of 105 Street.

6. The Board reviewed the rebuttal document (C-3) provided by the Complainant which included a CARB decision dated September 2, 2011. The Board notes the property which was under appeal in the September merit hearing was similar to the subject in size and is located in the same general area as the subject. This Board concurs with the findings that a rate of \$130.00 per square foot is fair and equitable and should be applied to the 2011 assessment of the subject property.

DISSENTING OPINION AND REASONS

There were no dissenting decisions.

Dated this 20th day of October, 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, 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: Yale Properties Limited