



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 280/10

Altus Group Ltd.
17327 106A Avenue
Edmonton, AB T5S 1M7

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, 2010 respecting a complaint for:

Roll Number 4310462	Municipal Address 17920 100 Avenue NW	Legal Description Plan: 9523898 Block: 9 Lot: 1
Assessed Value \$4,170,500	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Michael Vercillo, Presiding Officer
Brian Hetherington, Board Member
Jack Jones, Board Member

Board Officer:

J. Halicki

Persons Appearing: Complainant

A.R. (Tony) Patenaude, Agent
Sr. Tax Consultant, Altus Group Ltd.

Persons Appearing: Respondent

Richard Fraser, Assessor
Assessment and Taxation Branch

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board and confirmed full disclosure had occurred between the parties. In addition, the Board Members indicated no bias with respect to this file.

There were no preliminary matters raised by the parties and the Respondent did not have any recommendation for this roll.

ISSUE(S)

- 1) Is the land valuation utilized in the 2010 assessment for the subject property fair and equitable?
- 2) Is the improvement valuation utilized in the 2010 assessment for the subject property fair and equitable?

- 3) Is the zoning criteria applied to the 2010 assessment of the subject property fair and equitable?

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

Located in the Place La Rue neighbourhood, the subject property, zoned for assessment purposes as CHY, consists of a commercial property (auto dealership) comprising five structures on a site area of 2.277 acres with a site coverage of 17%. As a special-use property, the subject is assessed utilizing the cost approach to value for the improvements which is added to a market valuation for the land to arrive at the 2010 assessment.

COMPLAINANT'S POSITION

The Complainant provided evidence (C-1), rebuttal evidence (C-2) and argument for the Board's review and consideration. The Complaint form listed 25 issues to be considered by the Board but upon questioning the Complainant indicated that the only remaining issues to be determined (C-1, pg. 6) were the three noted above.

With respect to the issue of land valuation, the Complainant presented seven land sales comparables (C-1, pg. 10) which had an average value of \$14.56 per square foot, compared to the assessed value of \$22.14 per square foot. Of these seven sales comparables, the Complainant indicated that comparables # 2 & 6 were the most appropriate with respect to proximity to the subject property. The average of these two comparables was \$15.48 per square foot. The Complainant requested the land value be reduced from the assessed value of \$22.14 to \$15.48 per square foot. The Complainant also presented seven land equity comparables (C-1, pg. 12) which averaged \$16.41 per square foot to indicate that the 2010 land assessment of \$22.14 was excessive.

With respect to the issue of the improvement valuation, the Complainant argued that the 2010 cost analysis was in error in that building #1 (auto showroom/service area) contains multiple depreciation factors applied (C-1, pgs. 14 & 15) to various components whereas only one depreciation factor should be applied to the entire building. The Complainant requests that the 30 year depreciation rate applied to the service area component of the building(s) be applied to all the components of the building(s). The Complainant is, therefore, requesting the improvement valuation be reduced from the 2010 assessed value of \$1,974,493 to \$1,911,914.

With respect to the issue of zoning for the subject property, the Complainant indicated that the present zoning for the subject property was DC2 (C-1, pg. 34), whereas the assessment indicates the zoning to be CHY (C-1, pg. 7). The Complainant argued that DC2 zoning was much more restrictive than CHY and presented zoning bylaw excerpts (C-1, pgs. 36- 43) as support. The Complainant further argued that the restrictions of DC2 zoning had an impact on future sales value for the subject property.

The Complainant presented rebuttal evidence (C-2) with respect to the Respondent's sales comparables #1 & 3. He argued that this evidence indicated that these two comparables were not similar to the subject property and should not be considered.

In summary, the Complainant requested the 2010 land assessment be reduced to a unit value of \$15.48 per square foot and a total of \$1,535,461. The Complainant also requested the improvement value be reduced to a total of \$1,911,914. The total revised assessment requested by the Complainant showed a reduction from the 2010 assessment of \$4,170,500 to a rounded value of \$3,447,000.

RESPONDENT'S POSITION

The Respondent provided evidence (R-1 assessment brief & R-2 legal brief) and argument for the Board's review and consideration.

With respect to the issue of land valuation, the Respondent presented five sales comparables (R-1, pg. 19) to support the 2010 land assessment of \$22.14 per square foot.

With respect to the issue of the improvement valuation, the Respondent outlined the methodology utilized in analyzing the factors to be used in the valuation, which are based on data gathered from the Marshall & Swift (R-1 pg. 17) estimating guidelines. The Respondent indicated that the original analysis was, in fact, in error in that a portion of building #1 (service area) had been depreciated as if it were a steel structure (30-year life span) when, in fact, it was a concrete block structure (40-year life span). To correct the error would increase the assessed value for this building; however, the Respondent did not request the Board make this revision.

With respect to the issue of zoning for the subject property, the Respondent indicated that the zoning had no significance with respect to the 2010 assessment and that the zoning likely had been originally changed at the owner's request in order to facilitate the construction of the auto dealership.

In summary, the Respondent requested the 2010 assessment of \$4,170,500 be confirmed.

DECISION

The decision of the Board is to reduce the 2010 assessment from \$4,170,500 to \$3,660,500.

REASONS FOR THE DECISION

- 1) In analyzing the land valuation for the subject property, the Board considered the sales comparables presented by both parties, as well as the equity comparables presented by the Complainant. The Board placed greatest weight on the Complainant's sales comparable #6, the Respondent's sales comparable #2 and the Complainant's equity comparables #1 & 3 due

to similarity with the subject property with respect to proximity, location, size and zoning in determining that a value of \$17.00 per square foot is fair and equitable. When this unit value is applied to the subject area a land value of \$ 1,686,230 is determined.

- 2) With respect to the improvement value the Board determined that the life span analysis used in the 2010 assessment is in error, however any correction would increase the valuation. The Board finds that the improvement value should remain as is for the 2010 assessment.
- 3) With respect to the zoning issue the Board is in agreement with the Complainant that the zoning utilized in determining the 2010 assessment should be DC2, however the Complainant did not present any evidence to support that there would be an impact on value. As a result the Board makes no adjustment to the 2010 assessment as a result of zoning.
- 4) In determining the revised assessment the Board added the revised land value of \$1,686,230 to the assessed improvement value of \$ 1,974,493 to derive a rounded value of \$3,660,500.

DISSENTING DECISION AND REASONS

There were no dissenting opinions.

Dated this fifteenth day of October, 2010 A.D. at the City of Edmonton, in the Province of Alberta.

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, R.S.A. 2000, c.M-26.

CC: Municipal Government Board
City of Edmonton, Assessment and Taxation Branch
ZT Holdings Inc.