



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION 0098 302/10

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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 28, 2010 respecting a complaint for:

Roll Number 1008747	Municipal Address 18202 105 Avenue NW	Legal Description Plan 7214KS Lot 1
Assessed Value \$8,226,500	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Warren Garten, Presiding Officer
Ron Funnell, Board Member
Reg Pointe, Board Member

Board Officer:

J. Halicki

Persons Appearing: Complainant

Michele Warwa-Handel, Agent
APTAS

Persons Appearing: Respondent

Gordon Petrunik, Assessor
Jerry Sumka, Assessor

PRELIMINARY MATTERS

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

The Respondent did not have any recommendation on the file.

Both parties agreed that the evidence including the same rebuttals and closing summaries would be carried forward to roll #1008770 (18010-105 Avenue).

The parties giving evidence before the Board were sworn in.

MERIT ISSUE(S)

The main merit issue before the Board is the Direct Comparison Approach to Value of the subject property a vacant land parcel totaling 18.78 acres.

Sub-issue: definition of serviced land.

BACKGROUND

The subject property is an approximately 18.78 acres of undeveloped land situated in the Wilson Industrial subdivision of Northwest Edmonton with a current business address of 18202-105 ave. The zoning is IM (Medium Industrial Zone) and IB (Industrial, Business Zone).

LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

s. 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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 argued for the Direct Comparison Approach and provided four evidence/exhibit packages: C-1 2010 Assessment Brief; C-2 May 2008 Shaske & Zeiner Appraisal; C-3 City of Edmonton Industrial Land Assessment Brief; C-4 Property Tax Account; and C-5 Rebuttal.

The Complainant presented ten sales comparables (C-1, pgs. 8-9) and supporting data sheets. These ten comparables have a median selling price of \$420,454/acre and averaged a selling price of \$415,600/acre. The Complainant has requested a reduction to the assessment to \$6,627,668 or \$352,911/acre.

The Complainant argued that the 2009 assessment was reduced from \$8,805,500 to \$7,240,000 and the overall market had deteriorated since then; however, the 2010 assessment is now \$8,226,500 which ignores the market trend.

The Complainant provided an appraisal from Shaske and Zeiner Appraisal Consultants Ltd. dated May 2008, which was accepted by the City of Edmonton in 2008 to calculate the revised municipal reserve. The Appraisal provided a value of \$5,653,000 and was based on unserviced land.

The Complainant further provided the City of Edmonton Industrial Land 2010 Assessment Brief and pointed out that the City uses a model by calculating averages of 133 sales of industrial land over a period of three years from July 1, 2006 to June 30, 2009. The Complainant brought to the Board's attention that the vast majority of these sales were less than ten acres.

The Complainant further provided evidence package C-4 to the Board that included a *Colliers Real Estate Review* on industrial land for the second quarter 2009. This pointed out that industrial sales and land values had dropped significantly from 2008 to 2009. In particular, the selling price for industrial land in mid-2009 had dropped to an average of \$450,000/acre and the vacancy rates in northwest Edmonton had experienced the highest increase.

In rebuttal, the Complainant provided evidence package C-5 including photographic evidence that the two properties used by the Respondent as a fair and equitable assessment, were fully-developed sites and were not comparable to the subject property. The Complainant emphasized the second quarter 2009 *Colliers* information which had noted a dramatic decline in the value of industrial land sales in Edmonton.

The Complainant questioned the Respondent's reference to 133 land sales of which only 10 were of similar size to the subject. The Complainant also noted the requirement of the City as per Oversized Adjustments on page 9 in R-1. The Complainant pointed out that the Respondent had not provided comparable sales evidence.

Further, the Complainant provided a copy of the title transfer for a property at 16203-137 Avenue to evidence transfer of land in February 2008.

The Complainant requested a reduction to the 2010 assessment to \$6,627,668 equating to \$352,911 per acre.

POSITION OF THE RESPONDENT

The Respondent's position is that the subject property has been fairly and equitably assessed using mass appraisal, specifically, the industrial vacant land assessment model.

The Respondent provided to the Board evidence package R-1 which included a summary of the Complainant's sales comparisons (R-1, pg. 19). The Respondent identified 5 of 10 sales comparables as unserviced land (R-1, pg. 19) and 5 of 10 sales comparables as serviced land (R-1, pg. 19). The Respondent further identified a sale at 18304-105 Street as a non-arm's length sale (R-1, pgs. 22 & 23) and a corrected size of 7.2 acres to a property at 13450-149 Street that was reportedly sold (R-1, pg. 24). As a further means of identifying comparables, the Respondent narrowed the number of comparable properties to the subject down to three which included: 16203-137 Ave (of which the sales date was changed from February of 2008 to February of 2006), 10610-184 Street, and 13450-149 Street.

The Respondent's three final comparables resulted in an average selling price of \$555,412.

The Respondent brought forward two "fairness and equity" comparables at 18335-111 Avenue and 18604-111 Avenue which were two fully-developed sites. The Respondent calculated the land values for these sites from the City of Edmonton assessment model.

The Respondent brought to the Board's attention, a site service map showing locations of City of Edmonton water and sewer lines adjacent to the subject property (R-1, pg. 21).

DECISION

The Board's decision is to reduce the 2010 assessment to \$7,270,000.

REASONS FOR THE DECISION

In reaching its decision, the Board considered all argument and evidence.

The Board agreed that the land of the subject property qualified as serviced industrial land in the Wilson Industrial Area. This site has easy access to all utilities including: water, sewer, power, gas, etc. This was proven with the evidence provided by the Respondent (R-1, pg. 21). The Board placed little weight on the Appraisal as it was based on unserviced land.

The Board found that the Industrial Market in the City of Edmonton had deteriorated during 2009 as evidenced (*Colliers Real Estate Review* on industrial land) by a lack of sales and reduction in average selling prices.

The Board reviewed all comparables provided by both the Complainant and Respondent and decided that there were three sales comparable that closely resembled the subject property. These are: 10610-184 Street, 13450-149 Street, and 16203-137 Avenue.

Further, the Board found that the comparable at 16203-137 Avenue was sold in February 2008 as proven by the Complainant on page 19 of C-5 (date of transfer of land). The sale value, adjusted to July 1, 2009, was \$287,880/acre.

The Board placed little weight on the Respondent's "fair and equitable" comparables as these two properties were fully-developed as evidenced by the Complainant in the Rebuttal.

The Board found that the average, time-adjusted selling price of 36.11 acres is \$387,147/acre. When applied to the 18.78 acres in the subject property, this results in a value of \$7,270,000.

Municipal Address	Size (acres)	Selling price	Price/acre	Time-adj. /acre	Total time-adj. price
10610-184 Street	9.88	\$5,500,000	\$556,680	\$490,936	\$4,850,447
13450-149 Street	7.20	\$4,140,000	\$575,000	\$507,092	\$3,651,062
16203-137 Avenue	19.03	\$6,212,000	\$326,432	\$287,880	\$5,478,356
Total	36.11				\$13,979,865

Average selling price/acre $\$13,979,865/36.11 \text{ acres} = \$387,147/\text{acre}$

Assessed Value 18.78 acres at $\$387,147/\text{acre} = \$7,270,621$

DISSENTING OPINIONS AND REASONS

There was no dissenting decision.

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

Warren Garten
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 & Taxation Branch
Delta Square Developments Ltd.
Imperial Deluxe Apartments Ltd.
Triple H Enterprises Inc. et al