



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 324/11

Canadian Valuation Group Ltd
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 November 8, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1550359	10503 170 Street NW	Plan: 1844TR Block: 2 Lot: 8	\$14,363,000	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
Francis Ng, Board Member
John Braim, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Tom Janzen, Canadian Valuation Group Ltd.

Persons Appearing on behalf of Respondent:

Bonnie Lantz, Assessment and Taxation Branch, City of Edmonton
James Cumming, Assessment and Taxation Branch, City of Edmonton
Vasili Kim, Assessment and Taxation Branch, City of Edmonton
Tanya Smith, Law Branch, City of Edmonton

PROCEDURAL MATTERS

1. 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. Upon the request of both parties, all evidence was received under oath.

BACKGROUND

2. The subject property is known as Mayfield Business Centre and is located at 10503 - 170 Street NW. Its effective year built is 1989 and the site coverage is 33 percent. The property consists of a four-storey office building (54,432 square feet) situated in the middle of the parcel, and two separate multi-tenant warehouse buildings. One of the warehouse buildings is located on the north end of the property (22,200 square feet) while the other is located on the south end (23,452 square feet) of the site. The total area of the two warehouse buildings is 45,652 square feet. The 2011 assessment of the office building is \$8,358,000 and the warehouse component is assessed at \$6,005,000 for a total assessment of \$14,363,000.

ISSUE

3. Is the assessment of the two warehouse buildings 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

4. The Complainant is of the position that the assessment of the office building is reasonable; however, the assessment of the warehouse buildings is excessive. Firstly, the 2011 warehouse assessment has been increased by 117.6% from the previous year, while the City of Edmonton's time-adjustment chart for industrial properties shows a 3.54% decrease in value for the same period of time. Secondly, after the Complainant reviewed their sales comparables, they chose 4 sales to be the best sales comparables and, by using the direct sales comparison approach, this evidence supported a market value of \$90 per square foot. Of these 4 sales comparables, the effective year built ranges from 1972 to 1997, the total main floor areas range from 26,200 square feet to 69,209 square feet, the time-adjusted sale price per square foot ranges from \$55.92 to \$95.19.

5. As for the question of equity, the Complainant submitted that these same sales comparables are assessed from \$60.68 to \$130.70 per square foot (Exhibit C-1, page 2).
6. The Complainant requested that the assessments of the two warehouse buildings be considered as one warehouse unit because neither unit can be sold separately and should therefore be assessed at \$90 per square foot. As the result, the total assessment of the two warehouse buildings should be reduced from \$6,005,000 to \$4,108,590 (Exhibit C-1, page 2) and the total assessment would be reduced from \$14,363,000 to \$12,466,590.
7. Furthermore, the Complainant argued that the two warehouse buildings are located perpendicular to 170 Street, thereby diminishing their value because these two structures have a minimal exposure to the main traffic arterial road.

POSITION OF THE RESPONDENT

8. The Respondent is of the position that both, the assessment of the office building and the two warehouse components are correct (Exhibit R-1, page 5). Firstly, the Respondent supported the assessment by placing the greatest emphasis on 6 sales comparables (sales number 2, 7, 8, 9, 10 and 11), with effective years built ranging from 1974 to 2005, total main floor areas ranging from 11,546 to 65,241 square feet, and site coverage ranging from 10 to 45 percent (Exhibit R-1, page 13). This is in contrast to that of the subject which was effectively built in 1989, with warehouse building areas of 23,452 and 22,200 square feet and a site coverage of 33 percent. The time-adjusted sales prices per square foot range from \$101.65 to \$178.83 and the assessment of the subject is \$131.54 per square foot, which falls within the range of these 6 sales comparables.
9. The Respondent also submitted 8 equity comparables to support the assessment of the subject property (Exhibit R-1, page 25).

Compa rable	Address	Major Traffic	Year Built	Main Floor Area (sq. ft.)	Site Coverage %	Assessment Per sq. ft (\$)
1	11634 156 St	YES	1989, 1990	8,300/16,425	38	147.68
2	14236 121A Ave	YES	1971	5,792/19,866	21	145.06
3	15803 121A Ave	NO	1981, 1999	27,057/7,500	18	145.45
4	17804 106 Ave	YES	1992	20,114	36	135.73
5	18103 105 Ave	NO	1998	20,964	34	127.29
6	18004 105 Ave	NO	2000	23,631	31	130.99
7	18220 105 Ave	NO	2001	25,335	35	125.48
8	11350 182 St	NO	2004	28,712	32	131.46
Subject	10503 170 St	YES	1989	23,452/22,200	33	131.54

10. It is the submission of the Respondent that even though none of the equity comparables are on a major arterial road similar to 170 Street as the subject, they do exhibit similarities to that of the subject in terms of main floor area and site coverage and do support the assessment. As regards equity comparables, the Respondent emphasized that

these should be based on the floor area of each warehouse building and not upon the total area of the multi-warehouse buildings.

11. Since the subject is composed of two separate warehouse buildings, the Respondent argued that it would be more appropriate to compare the subject with warehouses which have a floor area similar to that of each subject warehouses of 22,000 and 23,000 square feet. As a result, the Complainant should not compare two separate smaller warehouse buildings to that of one large single warehouse building which has an area approaching the total area of the two subject warehouses.

DECISION

12. It is the decision of the Board to reduce the assessment of the subject property from \$14,363,000 to \$12,998,500.

REASONS FOR THE DECISION

13. The Board accepts the position of both parties that the assessment of the office building should not be disturbed and that it should remain at \$8,358,000.
14. At issue is the value of the two warehouse buildings which carry an assessment of \$3,065,500 and \$2,939,500, respectively. In this regard, the Board concludes that the two warehouse buildings should be assessed as follows:
 - a. The Board accepts the Complainant's position that the two warehouse buildings should not be treated as independent units but rather as one warehouse complex constituting 45,651 square feet. As the result, the Board places considerable weight upon the Complainant's sales and equity comparables.
 - b. In contrast, the Board places less weight upon the Respondent's equity comparables in that they are smaller in size and 4 of them are considerably newer in terms of effective-year-built. Further to this, two of the equity comparables have superior site coverage of only 18 and 21 percent in contrast to the subject property which has a site coverage of 33 percent.
 - c. The Board is persuaded by the Complainant's time-adjusted sales prices in that the comparables are similar in size to the subject warehouse buildings and two of the sales occurred on the 170 street main traffic corridor. In contrast, the Board places less weight upon the Respondent's sales comparables because they are considerably smaller in terms of total main floor area. Of the Respondent's two sales comparables, one is of similar size with an effective year built of 2005, but is considerably newer than is the subject property, thereby bringing into question the element of comparability. The second sales comparable, selected in common by both parties, would indicate that a reduction in the assessment is warranted.

15. In support of their respective positions, the Board notes that the Respondent and Complainant did submit a common sales comparable of a warehouse located at 11670 - 170 Street. In this particular case, the time-adjusted sale price is \$101.65 per square foot indicates support for a reduction in the assessed value. In this particular case the correct time-adjusted-sale price of \$101.65 was pointed out by the Respondent, but indicates support for a reduction in the assessment.
16. Finally, by taking into consideration the sales comparables presented by the Complainant and the one common sales comparable selected by both the Respondent and the Complainant, the Board concludes that the assessment should be reduced from \$131.54 to \$101.65 per square foot. As a result, the assessment on warehouse #1 is reduced from \$3,065,500 to \$2,383,870 and the assessment on warehouse #2 is reduced from \$2,939,500 to \$2,256,630, leading to a total assessment of the two warehouse units to \$4,640,500. This figure is then added to the assessed value of the office building of \$8,358,000, results in a total assessment for the subject property of \$12,998,500.

DISSENTING OPINION AND REASONS

17. There was no dissenting opinion.

Dated this 18th day of November, 2011, at the City of Edmonton, in the Province of Alberta.

Steven Kashuba, 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: Mayfield Business Centre Ltd