



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 328/11

ALTUS GROUP  
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 November 9, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9974225	15603 131 AVENUE NW	Plan: 9926144 Block: 6 Lot: 10	\$6,116,500	Annual New	2011

#### Before:

Don Marchand, Presiding Officer  
James Wall, Board Member  
Tom Eapen, Board Member

**Board Officer:** Karin Lauderdale

#### Persons Appearing on behalf of Complainant:

Chris Buchanan, Agent, ALTUS Group

#### Persons Appearing on behalf of Respondent:

Stephen Leroux, Assessor, Assessment Branch, City of Edmonton  
Cameron Ashmore, Law Branch, City of Edmonton

Will Osborne, Assessment Branch, City of Edmonton (observing)  
Luis Delgado, Assessment Branch, City of Edmonton (observing)

## **PRELIMINARY MATTERS**

No preliminary matters were raised by the Parties. Both Parties made an affirmation to tell the truth. No objection was raised as to the composition of the CARB panel. In addition, the Board members indicated no bias with respect to this file.

At the outset of the hearing the CARB was advised that the only common issue that applies to the subject complaint is the one itemized as: 4. *the assessment of the subject property is in excess of its market value for assessment purposes* and that the remaining common issues itemized as numbers 1-3 and 5- 7 shown on the SCHEDULE OF ISSUES page will not be argued.

## **BACKGROUND and PROPERTY DESCRIPTION**

- The subject property is located at the Southwest corner of 131<sup>st</sup> avenue and 156<sup>th</sup> street in the Mistatim Industrial subdivision of the City of Edmonton.
- The site contains 435,043 square feet or 9.99 acres with an IB Industrial zoning.
- There is one building on site; a warehouse/office with a footprint of 22,281 sq. ft. built in 2007.
- The site coverage is 5%
- The Parties provided sales data within the period of January, 2007 to July, 2010 that were time adjusted as per a table provided to the CARB (Exhibit C-1, page 13).
- The Direct Sales Comparison Approach is the valuation approach used by the Parties to argue against and the support of the assessment.

The above background and property description facts were all agreed to by the Parties.

## **ISSUE(S)**

Is the 2011 assessment of the subject property at \$6,116,500 fair and equitable?

## **LEGISLATION**

The CARB in its deliberations gave consideration to:

### ***Municipal Government Act, RSA 2000, c M-26***

**1(1)** *In this Act,*

- (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;*

**289(2)** *Each assessment must reflect*

- (a) *the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*  
(b) *the valuation and other standards set out in the regulations for that property.*

**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.*

**(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.*

### **Matters Relating to Assessment and Taxation Regulation (AR 220/2004)**

**2.** *An assessment of property based on market value*

*(a) must be prepared using mass appraisal,*

*(b) must be an estimate of the value of the fee simple estate in the property, and*

*(c) must reflect typical market conditions for properties similar to that property*

### **POSITION OF THE COMPLAINANT**

The Complainant provided the CARB with the following market transactions:

Comp	Address	Sale Date	TASP	YOC	Site Coverage	LBA	TASP per SF of LBA
1*							
2	12815 170 St.	Feb. 2009	\$4,038,350	1974	10%	22,938	\$176.06
3	6928 51 ave	May 2008	\$3,632,660	2076	7%	18,238	\$199.18
4	4205 76 ave	Aug 2007	\$3,497,920	1979	8%	13,477	\$259.55
5	17703 114 ave	Aug 2009	\$1,905,975	2002	10%	10,500	\$181.52
					<b>Requested Rate</b>		<b>\$210.00</b>
Subj.	15603 131 ave			2007	5%	22,281	\$274.52

\* *At the hearing the data relative to comparable #1 was removed at the Complainant's request.*

The Complainant's amended request at the hearing is that the CARB consider a rate of **\$210.00** per square foot as the market indicated valuation rate for the subject. This gives consideration to the subject's age, size, location and site coverage. The requested assessment amount is **\$4,679,000**.

The Complainant provided the CARB with the following assessment comparables:

Comp	Address	Current Assm't	YOC	Site Coverage	LBA	Assm't / SF of LBA
1*	13520 156 St.	\$4,019,000	1993	6%	14,895	\$269.82
2	15108 131 ave	\$4,923,000	2002	8%	23,150	\$212.66
3	14904 131 ave	\$4,697,000	2007	8%	21,600	\$217.45
4*	13540 156 St.	\$3,009,500	2007	5%	10,994	\$273.74
5	11015 186 St.	\$3,347,500	2006	9%	16,090	\$208.05
				Requested Rate		\$220.00
Subj.	15603 131 ave		2007	5%	22,281	

\**These equity comparables are common to both parties.*

## **POSITION OF THE RESPONDENT**

The Respondent provided the CARB with the following sales comparables

Comp	Address	Sale Date	TASP	YOC	Site Coverage	LBA	TASP per SF of LBA
1	16820 111 ave.	May 2007	\$5,777,790	1970	14%	25,798	\$223.97
2	16908 128A av	May 2007	\$3,745,783	2005	11%	13,746	\$252.16
3	12815 170 St.	Dec 2007	\$5,078,168	1973	10%	22,368	\$221.39
4	16718 121 ave	Oct 2008	\$3,990,325	1995	5%	10,220	\$390.43
5	17515 106A av	Jul 2009	\$2,990,260	1981	9%	11,892	\$207.77
Subj.	15603 131 ave			2007	5%	22,281	
					<b>Assessment rate</b>		<b>\$274.52</b>

The Respondent provided the CARB with the following assessment comparables:

Comp	Address	Current Assm't	YOC	Site Coverage	LBA	Assm't / SF of LBA
1	11610 151 St.	\$3,337,500	2002	5%	11,360	\$293.80
2*	13540 156 St	\$3,009,500	2004	5%	10,994	\$273.74
3*	13520 156 St	\$4,019,000	92/03	6%	16,114	\$249.41
					<b>Average</b>	<b>\$272.31</b>
Subj.	15603 131 ave		2007	5%	22,281	\$274.52

The Respondent provided the CARB with a written brief on the “Application of the Mass Appraisal Process” with an explanation of their sales comparison model. Sales from January 2007 through to June 2010 were used in the development and testing. Value estimates were calculated using multiple regression analysis, which replicated the forces of supply and demand in the market place. All the sales were verified.

Factors found to affect value in the warehouse inventory were: the location of the property, the size of the lot, the age and condition of the buildings, the total area of the main floor, developed second floor and mezzanine area. The most common unit of comparison for industrial properties is value per *square foot of building area*. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison.

The Respondent submits that the better comparables relative to the subject are the comparables with similar site coverage. The subject’s ratio of building area to land area is very low and the influence of excess land and the degree of similarity is best suggested by the one sale, comparable #4, at \$390.43 per sq. ft. This rate would need to be reduced as the subject is twice the size of this best comparable. The Respondent asked the CARB to confirm the assessment as correct and equitable.

## **DECISION**

The assessment is confirmed at \$6,116,500.

## **REASONS FOR THE DECISION**

In the CARB's review of the comparables submitted by the Complainant it notes that no adjustments, other than time, were given consideration. The size and locations of the comparables differ considerably from the subject. When comparing any sale to the subject, site coverage is the key factor, especially when the site coverage percentage is very low as is the subject's.

Consideration was given the Complainant's comparable's #3 and #4 together with the Respondent's comparable #5; each with low site coverage ratios. It is clear that there is a significant upward indicated to the unit of comparison as the site coverage decreases. For example, a difference between a site coverage of 10% and 5% is double or with an effect of 100%, whereas the difference between site coverage 40% and 35%, the same 5%, has an effect of 12.5%.

Both parties were questioned as to the market rates for similar sized, zoned, and serviced vacant land in the subject's location. The CARB is not convinced that the Complainant's requested assessment amount for a 10 acre site with a 2007 built 22,281 sq. ft. warehouse is correct.

The complainant's equity comparables are varied in site coverage, location, and size. The CARB notes the complainant's comparables #1 and #4 are the same as the Respondent's #2 and #3. A review of these comparables suggests that property with similar site coverage strongly support the subject's assessment.

Dated this 24<sup>th</sup> day of November, 2011, at the City of Edmonton, in the Province of Alberta.

---

Don Marchand, 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: DAY & ROSS INC

*For MGB Administrative Use Only*

<i>Decision No.</i>		<i>Roll No. 9974225 (Edmonton)</i>		
<u><i>Appeal Type</i></u>	<u><i>Property Type</i></u>	<u><i>Sub Property Type</i></u>	<u><i>Issue</i></u>	<u><i>Sub - Issue</i></u>
CARB	Warehouse	Warehouse Single Tenant	Sales comparison approach	Land & improvement Comparables