



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
EDMONTON AB T5J 2R7
(780) 496-5026 FAX (780) 496-8199

NOTICE OF DECISION NO. 0098 337/10

Globexx Properties Ltd.
11103 182 Street NW
Edmonton AB T5S 2R3

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 26, 2010, respecting a complaint for:

Roll Number 9993624	Municipal Address 18150 111 Avenue NW	Legal Description Plan: 0125780 Block: 2 Lot: 5C
Assessed Value \$2,323,000	Assessment Type Annual - New	Assessment Notice for 2010

Before:

Robert Mowbrey, Presiding Officer
George Zaharia, Board Member
Judy Shewchuk, Board Member

Board Officer: Denis Beaudry

Persons Appearing: Complainant

Chelsea Tkachuk, Student-at-Law,
Nicholl and Akers

Persons Appearing: Respondent

Kevin Xu, Assessor, City of Edmonton
Aleisha Bartier, Law Branch, City of Edmonton

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board.

In addition, the Board Members advised the parties that they were not aware of any circumstances that would raise an apprehension of bias with respect to this file.

The Respondent objected to the Complainant's evidence marked as exhibit C-3, as it contained photographs that were not part of the Complainant's rebuttal disclosure. The Complainant submitted that the pictures had been referenced in the Complainant's rebuttal disclosure and should therefore be admitted into evidence. The Board recessed, deliberated, and rendered a decision. The Board's decision was to admit exhibit C-3 into evidence, as it contained only photographs of the comparable properties as outlined in the Complainant's rebuttal evidence.

BACKGROUND

The subject property is a single-storey, 14,984 square foot multi-use warehouse, built in 2001, and situated in a west-end industrial area of Edmonton. It is assessed at \$2,323,000.

ISSUE(S)

Is the assessment of the subject property in excess of its market value?

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.

POSITION OF THE COMPLAINANT

The Complainant advised the Board that there had been a complaint filed regarding the 2009 assessment of the subject property. The original assessment established by the City was \$2,616,500, but on appeal to the Municipal Government Board (MGB), the assessment was reduced to \$2,057,500 (exhibit C-1, page 12).

The Complainant submitted material related to the 2009 appeal to the MGB that resulted in the reduced assessment of \$2,057,000 (exhibit C-1, pp. 2-11).

A chart showing the variation between 2009 and 2010 assessments was submitted (exhibit C-1, page 21). Specifically related to the subject property, the Complainant provided two variations. The first was based on the original 2009 assessment of \$2,616,000, which when compared to the 2010 assessment of \$2,323,000, showed a reduction in the assessment of 11.21%. The second variation was based on the MGB reduced 2009 assessment of \$2,057,000, which when compared to the 2010 assessment of \$2,323,000, showed an increase in the assessment of 12.93%.

The Complainant argued that all comparable properties surrounding the subject property had experienced a decrease in the 2010 assessed value from the 2009 assessed value, indicating a downward trend in property values. However, the 2010 assessment of \$2,323,000, when compared to the "corrected 2009 property assessment, being the value declared by the MGB,

namely \$2,057,000, results in a 12.93% increase in assessed property value from the year 2009 to 2010” (exhibit C-1, p. 20).

Furthermore, the Complainant stated that there had been no changes to the physical attributes or the use of the subject property.

The position of the Complainant is that the 2010 assessment should be based on the 2009 MGB reduced value of \$2,057,000, and commensurate with decreases experienced by comparable properties.

The Complainant requested that the Composite Assessment Review Board set the assessment of the subject property at \$1,429,875, based on an Income Approach using a lease rate of \$7.75 per square foot and a capitalization rate of 8% (exhibit C-1, p. 15).

POSITION OF THE RESPONDENT

The Respondent gave a brief summary on the application of the Mass Appraisal process (exhibit R-1, pp. 6-8). The Sales Comparison Approach was used in establishing the assessed value of the subject property. The Respondent stated that when sufficient valid sales are available, this approach tends to be the preferred method.

The Respondent referred the Board to a table of four sales comparables (R-1, p. 24), which resulted in an average time-adjusted sale price of \$158.79 per square foot, supporting the assessment of the subject property at \$155.03 per square foot.

The Respondent also referred the Board to a table of four equity comparables (exhibit R-1, p. 30), which resulted in an average assessment of \$160.38 per square foot, supporting the assessment of the subject property at \$155.03 per square foot.

The Respondent pointed out that the column headed “2009 Assessment” in the Complainant’s table (exhibit C-1, p. 21) was, in fact, the time-adjusted sale price of the properties and that the correct 2009 assessments are listed at page 31 of exhibit R-1.

In response to the Complainant’s assertion that the 2010 assessment is higher than the previous year’s MGB revised assessment, the Respondent pointed out that each year’s assessment is independent of the previous year’s assessment (exhibit R-1, p. 46).

DECISION

The decision of the Board is to confirm the 2010 assessment of \$2,323,000 as fair and equitable.

REASONS FOR THE DECISION

The Board was persuaded by the Respondent’s equity comparables chart (exhibit R-1, p. 30). The comparables were similar in terms of location, age, site coverage, and total building area, and the average assessment of \$160.38 per square foot supports the assessment of the subject property at \$155.03 per square foot.

The Board was also persuaded by the Respondent’s sales comparables (exhibit R-1, p. 24). The comparables were similar in terms of location, age, site coverage, and total building area, and the

average time-adjusted sale price of \$158.79 per square foot supports the assessment of the subject property at \$155.03 per square foot.

The Board was persuaded by the Respondent's chart detailing the Complainant's five comparable properties and their respective 2010 assessments per square foot. The median of the Complainant's five comparables is \$163.18 per square foot (exhibit R-1, p.31), which supports the 2010 assessment of the subject property of \$155.03 per square foot.

The requested reduced value of \$1,429,875 proposed by the Complainant is derived using an income approach. However, since the Complainant did not provide any support for the 8% capitalization rate, and did not use typical lease rates to determine value, the Board could not accept this position. The Board notes that three recent leases signed by the Complainant were for \$11.00 per square foot (exhibit R-1, p.33), exceeding the \$7.75 per square foot utilized in arriving at the requested reduced value.

The Board rejects the Complainant's position that the 2010 assessment should be based on the 2009 assessment as revised by the the MGB. As the MGB ruled in *Maguire v. The City of Edmonton* (October 31, 2007, Assessment Review Board) "each assessment is independent of the previous year's assessment because it is based on the market value on the valuation date, and not on the previous year's assessment value; therefore the Board could not draw any conclusion to reduce the value for this year's assessment based on the previous year's assessment value" (exhibit R-1, p. 21).

Dated this 27th day of October, 2010, at the City of Edmonton, in the Province of Alberta.

Robert Mowbrey
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: George Akers
Chelsea Tkachuk
Municipal Government Board