



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 35/11

AIRCORE INDUSTRIES LTD.
11826 - 109 STREET NW
EDMONTON, AB T5G 2T8

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 July 14, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9965183	8 11824 109 STREET NW		\$1,932,000	Annual New	2011

Before:

Dean Sanduga, Presiding Officer
Lillian Lundgren, Board Member

Board Officer: Karin Lauderdale

Persons Appearing on behalf of Complainant:

Christy Whelehan, Celtic Land Developments
Robert Speidel, Legal Counsel

Persons Appearing on behalf of Respondent:

Cameron Ashmore, Law Branch, City of Edmonton
Shelly Milligan, Assessor, City of Edmonton

PRELIMINARY MATTERS

- 1) One of the Board members (Mr. Brian Frost) indicated that the Complainant was an acquaintance and excused himself from the hearing to avoid any conflict of interest. The parties agreed to proceed with the hearing using a two member Board.
- 2) Upon questioning by the Presiding Officer the parties before the board indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

The subject property is located at the City Center Airport operating as an aircraft services and storage facility, contains a storage hanger and office mezzanine. The total building size is 43,672 sq. ft. The special-use properties are assessed using the cost approach to value.

ISSUE(S)

1. What is the correct land assessment?
2. What is the correct buildings assessment?
3. Does the 2008 purchase of the subject reflect a reasonable current 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 assessment does not reflect the reality that the interest of the Complainant is only leasehold and not a fee simple interest.

The lease agreement between the Complainant and the Edmonton Regional Airport Authority contains very significant restrictions on the use of the property and development of the property.

The sale agreement was entered into in 2008 whereby a sale occurred at a purchase price of \$900,000 which reflects the market value of the property.

The Complainant advised that the land value should be set at \$608,400 and improvement at \$291,599 for a total of \$900,000.

The Complainant requested the assessment be reduced to \$900,000.

POSITION OF THE RESPONDENT

The Respondent submitted that the industrial properties located on the City Center Airport Land are different than the industrial properties located elsewhere of the industrial areas of the city. All of the City Center Airport land is leased to tenants.

The Respondent is using the cost approach to value on all properties at the City Center Airport. The Respondent presented evidence to the Board detailing comparable sales to the subject property (exhibit R-1, p. 25). The Respondent recommended a value reduction on the land to \$11.61 per sq. ft., giving a land value of \$1,437,190.

The Respondent further submitted to the Board a Marshal and Swift (M&S) commercial Detail Report on the subject buildings, which further confirms the replacement cost value of the subject improvements (exhibit R-1, p. 20) indicating a building value at \$291,599.

It is the Respondent's position that assessment must be established on value of fee simple estate and that the lease restrictions only significance is that it determines who the assessed person is - "the holder of the lease".

The Respondent advised that a leasehold and fee simple are different; the sale of the subject is a leasehold sale and not a fee simple sale (exhibit R-1 p. 45).

The Complainant bears onus to show that the assessment is incorrect. There is no evidence to show that amount is not fair or equitable. Therefore onus is not met.

The Respondent requested the Board to reduce the assessment to \$1,728,500.

DECISION

The decision of the Board is to reduce the 2011 assessment to \$ 1,728,500.

REASONS FOR THE DECISION

The Board finds that all of the subject improvements are fully functional.

The Board accepts the Respondent's recommendation to reduce the land value at \$11.61 per sq. ft., bringing the land value to \$1,728,789. The Board was further persuaded by the Respondent's Marshal and Swift cost of improvements calculation at \$291,599 (exhibit R-1 p. 21-24).

The Board is in agreement that the subject sale is a leasehold transaction and not a fee simple sale.

Dated this 25th day of July, 2011, at the City of Edmonton, in the Province of Alberta.

Dean Sanduga, 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: CITY OF EDMONTON ASSET MANAGEMENT & PUBLIC WORKS
CELTIC LAND DEVELOPMENTS CORPORATION