



ASSESSMENT REVIEW BOARD

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

July 2, 2010

NOTICE OF DECISION NO. 0098 39/10

364661 Alberta Ltd.
3816 93 Street
Edmonton AB T6E 5K6

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 Assessment Review Board (ARB) from a hearing held on June 28, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Number 3190287	Municipal Address 3704 93 Street NW Edmonton	Legal Description Plan 8622467 Block 5 Lot 1B
Assessed Value \$3,092,500	Assessment Type Annual New	Assessment Year 2010

Before:

Dean Sanduga, Presiding Officer
Mary Sheldon, Board Member
Brian Hetherington, Board Member

Alison Mazoff, Board Officer

Persons Appearing: Complainant

Tom Janzen,
Canadian Valuation Group LTD. (CVG)

Persons Appearing: Respondent

Steve Radenic, City Assessor
Aleisha Bartier, Student at Law
Julia Sproule, Lawyer
Ingrid Johnson, Lawyer

PROCEDURAL MATTERS

The question of bias was raised and all parties indicated that there was no bias

Both the Complainant and the Respondent indicated that there were no preliminary matters.



ISSUES

1. Is the 2010 assessment of the subject property correct when the sales of similar properties are considered?
2. Is the 2010 assessment of the subject property equitable in relation to the 2010 assessments of similar properties?
3. Is the value per sq. ft. of the subject property assessed by the Respondent higher than the values derived from sales of similar properties?

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.

BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

The subject property was described to the Board as a multi-tenant warehouse development built in 1980 in the South East quadrant of the City, comprising 31,506 sq. ft. including 4,964 sq. ft. of mezzanine office space. The site coverage was 42%.. (Exhibit C-1, page 1) Both parties agreed that the appropriate method of assessing industrial warehouse properties was the direct sales approach.

POSITION OF THE COMPLAINANT

1. The Complainant submitted seven sales comparables for the Board's consideration, which were similar in some respects to the subject. (Exhibit C-1, page 1 with detailed information on pages 3-9) He also submitted the City's current 2010 assessment per sq. ft. of these comparable properties as equity comparables. (Exhibit C-1, page 1)
2. The Complainant advised the Board that the sales of these properties took place in close proximity to the July 1 valuation date.
3. The Complainant's opinion was that it was most valuable to consider sales close to the valuation date in establishing value in that no time adjustment, or only a minor one, would have to be applied. He further submitted to the Board that the one post facto sale included in his presentation ought to be considered as it took place only one month after the valuation date.

4. The Complainant informed the Board that, while his sales comparables did differ in various respects from the subject such as in site coverage, building size, age and location, he suggested that these differences could be accounted for by making appropriate upward or downward value adjustments.
5. The Complainant further submitted to the Board that, while some of his comparable sales were located in the North West quadrant of the City, this North West quadrant market would be comparable to the market in the South East quadrant.
6. The Complainant submitted to the Board that the 2010 assessment for the subject property should be based on \$80.00 per sq. ft. which would result in an assessment of \$2,520,000 .

POSITION OF THE RESPONDENT

1. The Respondent submitted to the Board that many of the Complainant's sales comparables were not located in the same quadrant as the subject property, which is the South East quadrant. He further submitted that the North West quadrant was not comparable to the South East quadrant. In addition, he stated that the Complainant's sales comparables were all different in some other respects to the subject.
2. In support of the Respondent's position that the 2010 assessment of the subject property was fair and equitable, the Respondent submitted sales comparables for the Board's consideration. (Exhibit R-1, page 17) He pointed out to the Board that these sales comparables were all located in the South East quadrant of the City and were of similar size and age to the subject property. The Respondent submitted to the Board that, while these sales were completed in 2007 and 2008, time adjustments were applied to arrive at proper time adjusted sales values. The Respondent submitted that the average time adjusted sale price per sq. ft. of the comparables was \$114.50 . The 2010 assessment per sq. ft. of the subject property was \$98.16 which was lower than the average time adjusted sale price per sq. ft. of the comparables. This would support the 2010 assessment of the subject property.
3. The Respondent provided equity comparables to the Board. (Exhibit R-1, page 23) This chart showed that the average assessment per square foot of these equity comparables was \$101.68, suggesting that the assessment per sq. ft. of the subject property at \$98.16 was appropriate.
4. The Respondent submitted that any post facto sale should not be considered in establishing current assessment year value. (Exhibit R-2, page 22-23)
5. The Respondent submitted to the Board that the 2010 assessment of the subject property was fair and equitable.

FINDINGS

1. The Board is of the opinion that it is more appropriate to compare properties in the same quadrant of the City, unless the property is so unique in some respect or respects that few comparables can be found in the quadrant.
2. The Board notes that in accordance with the *Matters relating to Assessment and Taxation Regulation of the Municipal Government Act, Part 1, Sec. 3,*

“Any assessment prepared in accordance with the Act must be an estimate of the value of property on July 1 of the assessment year.”

The Board accepts that, in general, a post facto sale should only be used to establish trends in the marketplace. However, a post facto sale could be used to assist in establishing value if evidence were provided that the parties to the sale agreed to the purchase price prior to the valuation date.

DECISION

The Board concludes that the 2010 assessment of the subject property of \$3,092,500 is fair and equitable.

REASONS FOR THE DECISION

1. The Board did not accept the post facto sale comparable presented by the Complainant, as no evidence was provided to the Board that the sales transaction agreement was reached and signed prior to the July 1, 2009 valuation date. (Exhibit C-1, page 1)
2. The Board places less weight on the four sales comparables presented by the Complainant which are outside the South East quadrant of the City. The Complainant did not provide any evidence as to the comparability of the North West and South East quadrants of the City.
3. As well, the Board is persuaded by the Respondent's sales comparables that there were sufficient sales located in the South East quadrant of the City in the relevant time period to make valid comparisons.
4. The Complainant did not supply to the Board any calculations in making the adjustments in arriving at a proposed value for the subject of \$80.00 per sq. ft. or \$2,520,000.
5. The Board notes that in considering only the sales comparables presented by the Complainant which took place before the valuation date and in the South East quadrant of the City (Complainant's comparables 1,2 and 4), the average sale price per sq. ft. and the average assessment per sq. ft. support the 2010 assessment of the subject property.
6. The Board concludes that the Complainant has failed to prove to the Board that the 2010 assessment of the subject property is incorrect.

DISSENTING DECISION AND REASONS

There were no dissenting opinions.

Dated this 2nd day of July 2010 at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: MUNICIPAL GOVERNMENT BOARD

