



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 412/11

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 15, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4085106	10440 176 Street NW	Plan: 8922420 Block: 6 Lot: 1A	\$7,389,500	Annual New	2011

#### Before:

Robert Mowbrey, Presiding Officer  
Dale Doan, Board Member  
Lillian Lundgren, Board Member

#### Board Officer:

Annet Adetunji

#### Persons Appearing on behalf of Complainant:

Chris Buchanan, Altus Group Ltd

#### Persons Appearing on behalf of Respondent:

Bonnie Lantz, Assessor, City of Edmonton  
Stephen Leroux, Assessor, City of Edmonton

## **PROCEDURAL MATTERS**

Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board advised the parties that the Board had no bias on this file.

## **BACKGROUND**

The subject property is a multi building warehouse located at 10440 176 Street. The subject property has a building area of 78,928 square feet and an effective year built of 1990. The site coverage is 37% and has a 2011 assessment of \$7,389,500.

## **ISSUE**

Is the subject property equitably assessed?

## **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**

The Complainant filed this complaint on the basis that the subject assessment of \$7,389,500 is in excess of market value. The Complainant presented six sales that have been time adjusted using the City of Edmonton's time adjustment schedule from the date of sale to the valuation date of July 1<sup>st</sup>, 2010. (Exhibit C-1 page 8). The Complainant advised the Board that few properties had been built during this time frame and finding comparables was difficult. The Complainant advised the Board that sale # 2, (11448 149 Street) and sale # 5, (10439 176 Street) were both common to the Respondent and the Complainant. The Complainant advised the Board that due to attributes such as age, size, location and site coverage, it was determined that the indicated value for the subject property should be \$80.00 psf.

The Complainant presented six equity comparables to the Board detailing age, size, condition, and site coverage. (Exhibit C-1 page 9). The equity comparables ranged from \$68.90 to \$86.84 assessment psf for total leasable building area. (Exhibit C-1 page 9). The Complainant advised the Board that based on equity the assessed value per square foot should be \$78.00.

Under argument and summation, the Complainant stated that it would be unreasonable to assess the subject property as three separate building and the subject property should be assessed as one building with about 80,000 square feet.

In addition, the Complainant challenged the Respondent's sales comparables numbers 1 and 7 as both comparables had extremely low site coverages compared to the subject property.

Based on the direct sales approach and backed by equity comparables, the Complainant requested an assessment value of \$6,156,000.

### **POSITION OF THE RESPONDENT**

The Respondent advised the Board regarding the mass appraisal process that the City of Edmonton utilizes for their warehouse inventory. The Respondent utilizes the direct sales methodology and sales occurring from January 2007 through June 2010 were used in the model development and testing.

Sales were validated by conducting site inspections and interviews, and by reviewing title transfers, sales validation questionnaires, and four data collection sources.

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 building, the total area of the main floor, developed second floor and mezzanine area.

The most common unit of comparison for industrial purposes 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 presented seven sales comparables to the Board detailing comparables similar in terms of age, condition, site coverage and total building area. (Exhibit R-1 page 18). The Respondent noted that the Respondent's sale #3 (11448 149 Street) and sale # 6, (10439 176 Street) were common to both the Complainant and the Respondent. The seven sales ranged from \$87.90 to \$132.15 time adjusted price per square foot for the total building area.

The Respondent presented nine equity comparables to the Board. (Exhibit R-1 page 26). The Respondent advised the Board that there were different assessment rates for each of the three buildings. The comparables ranged from \$94.03 to \$117.91 assessment per square foot of total building area.

The Respondent challenged the Complainant on a number of issues, such as the Complainant's sales had a wide range in size. The Complainant agreed that sale # 4, (11603 165 Street) was an outlier.

The Respondent requested the Board to confirm the assessment at \$7,389,500.

### **DECISION**

The decision of the Board is to confirm the 2011 assessment of \$7,389,500 as being fair and equitable.

## **REASONS FOR THE DECISION**

The Board reviewed both the Complainant's and Respondent's equity comparables and determined the Respondent's equity comparables were more compelling than the Complainant's comparables. The Complainant's equity comparables were all single large buildings, whereas the Respondent utilized smaller buildings that would compare to the three multi buildings with the subject property. In addition, three of the Complainant's equity comparables had no upper office compared to the subject's upper office. The Respondent's equity comparables had upper offices in all their comparables, although a few of the upper offices were minimal space.

The Board was persuaded by the Respondent's nine sales detailing condition, age and size. The Board found that the average of the four sales comparables that had upper offices was \$91.67 psf., which approximates the subject's assessment psf. The Board notes that the Complainant's sales had only one comparable that had upper offices. In addition, the Complainant's sale number six was more than twice the size of the subject property and thus, the economies of scale would be a factor.

The Board was persuaded by the two common sales that both parties utilized, 11448 149 Street and 10439 176 Street) and noted the average of the two common sales was \$102.49 psf, which supports the assessment.

## **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 9<sup>th</sup> day of December, 2011, at the City of Edmonton, in the Province of Alberta.

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Robert Mowbrey, Presiding Officer

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*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.*

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cc: Klass Investments Inc.