



## ASSESSMENT REVIEW BOARD

Churchill Building  
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Edmonton AB T5J 0G9  
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### NOTICE OF DECISION NO. 0098 421/11

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 29, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8636375	5912 - 99 Street NW	Plan: 6312NY Blk: 15 Lot: 1	\$5,282,500	Annual New	2011

#### Before:

D. H. Marchand, Presiding Officer  
Judy Shewchuk, Board Member  
Ron Funnell, Board Member

**Board Officer:** Segun Kaffo

#### Persons Appearing on behalf of Complainant:

Walid Melhem, Agent, Altus Group

#### Persons Appearing on behalf of Respondent:

Susen Douglass, Assessor, City of Edmonton

## **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.

## **BACKGROUND and PROPERTY DESCRIPTION**

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

- The subject property is located in the Coronet Industrial subdivision of the City of Edmonton south of 63<sup>rd</sup> Avenue (Argyll) along 99<sup>th</sup> Street.
- The site contains 147,573 square feet with an IH industrial zoning.
- There are two warehouse/office buildings on site with a gross building area of 53,682 square feet. The leasable area totals 49,498 square feet; the difference is associated with mezzanine space used for storage.
- The site coverage is 34%.
- The Direct Sales Comparison Approach is the valuation approach used in the preparation of the assessment.
- 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 14). The time adjustment factors used are not in dispute.
- The unit of comparison is a per square foot rate based on the leasable square footage (LBA) according to the Complainant and the main floor plus mezzanine/upper finished area according to the Respondent.

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

## **ISSUE**

Is the 2011 assessment of the subject property at \$5,282,000 correct?

## **LEGISLATION**

### ***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.*

**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.*

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

**s 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*	3304 Parsons Rd.	June 2010	\$2,891,300	1979	39%	38,868	\$74.39
2	10025 – 51 Ave.	May 2010	\$7,256,200	1961	28%	89,446	\$81.12
3*	4004 – 99 Ave.	January 2009	\$4,358,040	1974	45%	38,859	\$112.15
4*	4130 – 99Ave.	July 2008	\$3,259,240	1968	35%	34,966	\$93.21
					<b>Requested Rate</b>		<b>\$88.00</b>
Subj.	5912 - 99 St.			1969	34%	49,497	
					<b>Assessment rate</b>		<b>\$106.72</b>

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

Based on the indicated unit rate of comparison these sales comparables provided, the Complainant requested that the CARB consider a rate of **\$88.00** per square foot as a fair valuation rate for the subject. The Complainant requested an assessment of **\$4,355,500**.

The CARB was advised that the requested amount is lower than the amount indicated by equity comparables. An equity unit of comparison rate of \$97.00 per square foot of leasable area was concluded by the Complainant's analysis of 7 equity comparables with unit of comparison rates in the range of \$88.98 to \$102.39 per square foot.

## **POSITION OF THE RESPONDENT**

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. The CARB’s attention was drawn to the paragraph that states:

*“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.” (exhibit R-1, page 7).*

The Respondent provided the CARB with 11 sales comparables. Three were in common with the Complainant. The time adjusted sales prices of useable area for the 11 transactions were in the range of \$92.27 to \$134.82 per square foot. The subject is assessed at \$106.72 per square foot.

The Respondent advised that the three comparables used in common are the best indicators of the subject’s per square foot value, especially the comparable at 4004 – 99<sup>th</sup> Street indicating \$112.15 per square foot (the Complainant’s comparable #3 and the Respondent’s comparable #7).

The CARB was also asked to give consideration to the facts surrounding the two other common sales comparables provided. The comparable at 3304 - Parsons Rd, with a time adjusted sale price of \$74.39 was reported, at the time of sale, with the following comment:

*“Four of the main floor bays are leased at rates well below market and the mezzanine (fully leased) is also at below market rates. Acquired based on a future upside” (exhibit R-1, page 20)*

The comparable at 4130 – 99 Street, with a time adjusted sale price of \$93.21 was reported, at the time of sale, with the following comment:

*“The roof required partial replacement at an estimated cost of \$211,000 which the purchaser will absorb.... The lease rates in place are below market indicating an upside.” (exhibit C-1, page 24)*

The Parties offered a time adjusted rate of approximately \$6.00 per square foot to recognize the roof consideration that needed to be applied to the sale price.

The Respondent also provided a table containing 9 equity comparables with assessments ranging from \$91.56 to \$118.25 per square foot.

Based on the best sales comparables provided for similar property and the equitable assessment with other similar properties the Respondent requested the assessment be confirmed.

## **FINDINGS**

- The sales comparables provided in common are given weight, with the most weight to be given to the comparable sale at 4004 – 99<sup>th</sup> Street.
- The comparable sale at 4004 – 99<sup>th</sup> street is slightly newer and in a slightly superior location.
- The other two sales reported do require upward adjustments.

## **REASONS FOR THE DECISION**

The CARB gives consideration to the comparables of both parties and gives most weight to those comparables that both parties have identified as having the most similar significant factors.

The Complainant's comparables #3 and #4 are the same as the Respondent's comparables #7 and #2. At a minimum, the Complainant's comparable #4 requires approximately \$6.00 per square foot added to the sale price because of the roof renovation required at the time of sale. The two comparables then provide unit of comparison rates in the range of approximately \$100.00 to \$112.00. The subject is at the rate of \$106.00.

The CARB is not persuaded to reduce the assessment to the requested \$88.00 per square foot when the most comparable properties are selling at and are assessed in the proximity of \$105.00 per square foot.

## **DECISION**

The assessment is confirmed at \$5,282,500.

Dated this 15<sup>th</sup> day of December, 2011, at the City of Edmonton, in the Province of Alberta.

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Don Marchand, 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: SUN LIFE ASSURANCE COMPANY OF CANADA

For MGB Administrative Use Only: *From D.H. Marchand*

<div> Decision No. <div>Roll No. 8636375</div> <div>Edmonton</div> </div>				
<u>Subject</u>	<u>Type</u>	<u>Property Sub type</u>	<u>Issue</u>	<u>Sub Issue</u>
CARB	Warehouse	Warehouse Multi tenant	Direct sales approach	Land & Improvement Comparables AND Equity comparables