



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 430/11

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:
1526011	10751 180 Street NW	Plan: 7820005 Block: 4 Lot: 3	\$2,072,000	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.

The Board notes that only a direct sales methodology is being presented and no other issue is being pursued, notwithstanding the other issues on page 3, C-1.

## **BACKGROUND**

The subject property is a medium warehouse located at 10751 180 Street NW. The subject property has an effective year built of 1978 and a total building area of 21,397 square feet. The site coverage of the subject property is 37% and the property is assessed at \$2,072,000.

## **ISSUE**

What is the market value of the subject property?

## **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 \$2,072,000 is in excess of the market value. In support of this position, the Complainant presented three sales that have been time adjusted using the City of Edmonton's time adjustment schedule from the date of sale to the valuation date. The Complainant stated that due to the attributes of the subject property such as age, size, location and site coverage, it has been determined that the indicated value of the subject property is \$80.00 per square foot (Exhibit C-1 page 8).

Based on the direct sales approach, the Complainant requested an assessment value of \$1,711,500.

## **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, site coverage, condition and total building area. (Exhibit R-1 page 15). The comparable sales ranged from a time adjusted selling price per total building square foot of \$99.32 to \$180.19 per square foot, which supports the assessment of \$96.84 per square foot.

Although equity was not an issue, the Respondent presented nine equity comparables similar to the subject property in terms of age, site coverage, condition and total building area. (Exhibit R-1 page 23). The comparables ranged from an assessment per total building square foot of \$92.87 to \$116.83.

The Respondent challenged two of the Complainant's sales. Sale #1 has a site configuration problem that makes it difficult for large trucks to access the shop. Sale #2 was non-arms length. The tenant had a clause in the lease agreement to purchase the property. (Exhibit R-1 page 24).

The Respondent requested the Board to confirm the assessment of \$2,072,000.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment of \$2,072,000 as being fair and equitable.

## **REASONS FOR THE DECISION**

The Board reviewed the Complainant's sales and determined that two of the sales may not reflect market value. Sale #1 has access issues and sale #2 was a non-arms length sale. With respect to sale #2, there was no evidence to support a predetermined sale price, however the sale did not meet the definition of a market value driven sale, such as open market, prudent seller, prudent purchaser and prudent terms. With only one sale, there was not enough evidence for the Board to form an opinion as to incorrectness of the assessment.

The Board was persuaded by the Respondent's equity comparables. The comparables were similar in terms of age, site coverage, office mezzanine and size of total building. The median for the nine equity comparables was \$116.83 per square foot, which supports the assessment.

The Board reviewed the Respondent's seven sales comparables. The comparables were all superior to the subject property in terms of being on a major artery. The Board looked more closely at sales numbers two and six, as they had upper office mezzanine space. Number two was

sixteen years older and only in fair condition and still the time adjusted price per square foot was higher than the subject property. Although comparable number six was newer, the condition, site coverage and total building area was similar to the subject property and the comparable was substantially higher in selling price per total square foot.

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: Kolmar Properties Ltd.