



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 431/11

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 16, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9943503	16010 118 Avenue NW	Plan: 9720485 Lot: 6B	\$4,451,000	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:

Carmen Rago, Owner of Subject Property
Chris Buchanan, Altus Group Ltd.

Persons Appearing on behalf of Respondent:

Cameron Ashmore, Lawyer, City of Edmonton
Will Osborne, Assessor, City of Edmonton

PROCEDURAL AND PRELIMINARY 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 Respondent under a preliminary matter advised the Board that the Respondent was recommending a reduction in the 2011 assessment from \$4,451,000 to \$4,228,500 owing to the condition of the oldest westerly portion of the building. The Complainant did not accept the recommendation and the hearing continued.

BACKGROUND

The subject property is a medium warehouse located at 16010 118 Avenue. The subject property has an effective year built of 1974 and a total building area of 50,642 square feet. The site coverage of the building is 29% and the 2011 assessment is \$4,451,000.

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 property of \$4,451,000 is in excess of market value. In support of this position, the Complainant presented four 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 1st, 2010 (Exhibit C-1 page 8). The comparables ranged from 1965 to 1981 in age and 33% to 39% in site coverage. The comparables ranged in time adjusted selling price per square foot of total leasable area of \$79.66 to \$94.38.

The Complainant stated that due to attributes such as age, size, location and site coverage of the subject property, it was determined that the indicated value of the subject property is \$81.00 psf.

In addition, the Complainant presented four equity comparables to the Board. The equity comparables ranged in age from 1969 to 1974. The site coverage ranged from 29% to 34%. The assessment per square foot of leasable building area ranged from \$83.67 to \$98.54. The average

assessment per square foot of leasable building area of the four equity comparables was \$90.79 and the median was \$90.48.

Due to the attributes of the subject property such as age, size, location and site coverage of the subject property, the Complainant has determined that an indicated equitable value for the subject property is \$86.00 per square foot.

The Complainant stated the building was built in stages starting in 1964 and the condition of the property is an issue. The roof needs to be replaced. In addition, the Complainant stated that access by trucks was most difficult.

The Owner spoke and indicated plans to demolish the west bay when the present tenant moves out in one or two years.

Based on the direct sales approach and backed up by similar equity comparables, the Complainant requests the 2011 assessment for the subject property to be set at \$3,700.000.

POSITION OF THE RESPONDENT

The Respondent advised the Board regarding the mass appraisal process that the City of Edmonton uses 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 six sales comparables to the Board detailing comparables similar to the subject property in terms of age, condition; effective year built and total building area. (Exhibit R-1 page 31). The six sales had an average time adjusted selling price per total square footage range of \$87.90 to \$132.15, which supports the assessment. The median TASP/total per square foot is \$ 94.83 and the average TASP/total per square foot is \$100.08. Both the median and the average support the assessment.

The Respondent presented nine equity comparables similar to the subject in terms of age, site coverage, condition and size. The equity comparables ranged in age from 1957 to 1984 and all were in average condition. The site coverages ranged from 25% to 37%. The assessment per square foot of total building area ranged from \$92.70 to \$107.96.

Regarding the condition of the building, the Respondent's photos indicated the interior was fine, the roof appears fine and access is not hindered.

The Respondent stated the Owner's oral testimony had not been disclosed to the Respondent and as such, the Board should place little weight on this testimony.

In summary, the Respondent asked the Board to accept the recommended reduced 2011 assessment of \$4,228,500.

DECISION

The decision of the Board is to accept the recommended reduced 2011 assessment of \$4,228,500.

REASONS FOR THE DECISION

The Board reviewed the Complainant's sales comparables and the Respondent's sales comparables and found the Respondent's sales comparables to be more compelling than the Complainant's sales comparables. The Complainant's sales comparables had two that were substantially larger than the subject property, (C-1 page 8 #'s 1 and 4) and would require an upward adjustment for the larger size. The Complainant's sales comparables #'s 2 and 3 would need an upward adjustment for the ages of the comparables.

The Respondent's sales comparables support the subject property's assessment. (R-1 page 31). The Respondent's sale comparable #2 (12250 142 Street) would need an upward adjustment for comparison to the subject property due to both age and condition of the comparable.

The Board reviewed both the Complainant's and Respondent's equity comparables and determined that the Respondent had the more compelling comparables. The Respondent's equity comparables were similar in terms of age, site coverage, condition and total building area. All of the Respondent's equity comparables were on major traffic arteries, whereas two of four equity comparables of the Complainant's were not on major traffic arteries. Six of the eight equity comparables had upper offices as did the subject property. Only two of the four Complainant's equity comparables had upper offices.

The Board notes that the Respondent's equity comparable #2 and the Complainant's equity comparable #3 is common to both parties (16303 111 Avenue). The assessment per square foot of total leasable area of \$98.54 supports the recommended reduced assessment per square foot of the subject property at \$92.56.

In conclusion, the recommendation put forth by the Respondent recognizes the condition of the property. The Board is satisfied that the recommended amount of \$4,228,500 results in a fair and equitable assessment for the subject property.

Dated this 12th day of December, 2011, at the City of Edmonton, in the Province of Alberta.

Robert Mowbrey, 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, RSA 2000, c M-26.

cc: CARRICH HOLDINGS LTD