



ASSESSMENT REVIEW BOARD

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10019 103 Avenue
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NOTICE OF DECISION NO. 0098 438/11

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:
9994011	18504 111 Avenue NW	Plan: 0125651 Lot: 10	\$8,723,500	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 large warehouse located at 18504 111 Avenue NW. The subject property has a building area of 92,371 square feet and an effective year built of 2003. The site coverage is 35% and an assessment of \$8,723,500.

ISSUE(S)

Is the subject property equitable 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 presented an equity chart to the Board detailing four equity comparables to the subject property. (Exhibit C-1 page 8). The Complainant determined that the indicated equitable value for the subject property is \$89.00 per square foot based on such attributes as size, age, location and site coverage of the subject property. The comparables ranged in assessment per square foot of leasable building area from \$74.15 to \$89.85 per square foot.

In summary, the Complainant advised the Board that the four equity comparables were in a tight range and supported the assessment.

The Complainant referred to the Bramalea decision which indicates the taxpayer has a right to an assessment which is not in excess of that which can be regarded as equitable and the right not to be assessed in excess of actual value.

Bases on an equity issue only, the Complainant requested an assessment value of \$8,221,000.

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 nine equity comparables to the Board detailing comparables similar in terms of effective year built, age and site condition. The comparables ranged from a total building area of 75,371 square feet to 125,822 square feet. The comparables ranged from \$93.03 \$113.44 assessment per square foot for the total area (Exhibit R-1 page 22).

Although direct sales methodology is not an issue, the Respondent presented four sales comparables to the subject property (Exhibit R-1 page 17). The sales comparables were similar in terms of age, site coverage and condition.

The Respondent requested the Board to confirm the assessment at \$8,723,500.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$8,723,500 as fair and equitable.

REASONS FOR THE DECISION

The Board reviewed both the Complainant's equity comparables and the Respondent's equity comparables and found the Respondent's equity comparables to be more compelling than the Complainant's. The Complainant's had a larger portion of upper office finish than the subject property. The subject property had a 3% upper office compared the Complainant's 3, 7, and 18% upper office finish. A larger upper office finish does skew the price per square foot downward.

The Board reviewed the Respondent's equity comparables in detail and eliminated #1 as it appeared to be an outlier. The Board further eliminated equity comparables #2 and #3 as these comparables had no upper office mezzanines. The Board therefore accepted #'s 5 to 9 as comparable to the subject property. The median of the 5 equity comparables is \$96.87 per square foot, which supports the assessment.

The Board put little weight on the Respondent's sales comparables as the comparables were too diverse from the subject property. Three of the four comparables had little or no office mezzanine space and two comparables were substantially larger than the subject property.

Dated this 9th 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: Canadian Property Holdings (Alberta) Inc.