



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 443/11

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:
1553858	17319 107 Avenue NW	Plan: 7621205 Block: 6 Lot: 4	\$2,245,500	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:

Will Osborne, 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 medium warehouse located at 17319 107 Avenue. It was constructed in 1977 and the total building area is 23,581 square feet. The site coverage is 41% and the 2011 assessment is \$2,245,500.

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 \$2,245,500 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 (July 1st, 2010) (Exhibit C-1 page 8). The sales comparables ranged from \$76.75 to \$92.76 time adjusted selling price per square foot for total building area. The Complainant stated that due to attributes such as age, size, site coverage and location, it has been determined that the indicated value for the subject property should be \$80.00 per square foot.

The Complainant advised the Board that sale#3 at 10646 178 Street was the best comparable.

Based on the direct sales approach, the Complainant requests a 2011 assessment of \$1,886,000.

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 eight sales to the Board detailing comparables similar to the subject property in terms of age, site coverage, condition, and size (Exhibit R-1 page 19). The comparable sales ranged from \$90.34 to \$157.98 time adjusted selling price per total building square foot.

Although equity was not an issue, the Respondent presented ten equity comparables similar to the subject property in terms of age, site coverage, condition and total building area (Exhibit R-1 page 28). The equity comparables were all close in proximity to the subject property as well as eight of the ten equity comparables had upper offices, as did the subject property. The comparables ranged from an assessment per total building square foot of \$92.87 to \$116.83, which generally supports the subject property's assessment per square foot of \$95.22.

Under rebuttal argument, the Respondent advised the Board that the Complainant's sales comparables were flawed.

1. Sale #1 (15397 117 Avenue) was a non-arms length sale. The sale was with related parties and did not meet the definition of a market driven sale that was listed on the open market, with a prudent seller, prudent purchaser and prudent terms (R-1 pages 29-38).
2. Sale #2 (14215 120 Avenue) was a sale whereby the purchaser had a leasehold interest in the property. The purchaser had leased terms to purchase the property at set terms. Although the sale could be a valid sale, the sale does not meet the definition of a market driven sale.
3. Sale #3 (10646 178 Street) has site configuration issues that make it difficult for large trucks to access the shop, hence an upward adjustment would be necessary for comparability with the subject property.

The Respondent requests the Board to confirm the 2011 assessment of \$2,245,500.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$2,245,500 as being fair and equitable.

REASONS FOR THE DECISION

The Board put very little weight on the Complainant's sales analysis. All three of the comparables were flawed. Two of the comparables did not meet the definition of a market driven sale and the third sale would need an upward adjustment for site configuration issues. Only one

of the three comparables had upper offices as did the subject property. The onus is on the Complainant to provide sufficient and compelling evidence to prove the incorrectness of an assessment. The Complainant failed to do so.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 14th 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: J .K. MCKENZIE HOLDINGS LTD.