



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 444/11

Canadian Valuation Group
1200-10665 JASPER AVENUE
EDMONTON, AB T5J 3S9

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 21, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
2176758	11530 142 STREET NW	Plan: 318KS Block: 7 Lot: 4	\$3,210,000	Annual Revised	2011

Before:

James Fleming, Presiding Officer
Francis Ng, Board Member
John Braim, Board Member

Board Officer: Karin Lauderdale

Persons Appearing on behalf of Complainant:

Tom Janzen, Canadian Valuation Group

Persons Appearing on behalf of Respondent:

Susen Douglass, Assessor, City of Edmonton

PRELIMINARY MATTERS

Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

The subject property is located at 11530 142 Street NW which consists of a single-tenant office/warehouse building containing a total of 32,200 square feet and has a site coverage of 27%. It was built in 1957 is in average condition and the 2011 assessment equates to \$99.69 per square foot (sq. ft.) for a total assessed value of \$3,210,000. The property was valued using the Direct Sales Comparison approach and has a land use designation of IM (Medium Industrial).

ISSUE(S)

Which party has the best sales comparables to support the valuation?

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 position of the Complainant is that the subject property is over assessed based on similar industrial property sales and equity comparables. The Complainant submitted 9 industrial sales comparables as follow:

Comp.	Address	Yr. Built	Sale Date	Total Bldg Size (sf)	TASP/sf (Total Area)	Asmt/sf (Total Area)	Site Coverage %
*1	15845 112 Ave	1964	May 07	32,240	72.56	68.08	53%
*2	12930 148 St	1972	Jun 07	44,119	76.12	83.35	34%
*3	11430 142 St	1963	Aug 09	16,450	88.23	78.84	41%
4	14705 116 Ave	1970	Jan 10	15,837	81.23	N/A	N/A

5	14440 123 Ave	1967/ 1985	Mar 10	31,388	92.86	115.95	19%
6	14730 115A Ave	1961	July 10	29,201	73.58	76.72	45%
7	14345 123 Ave	1966	Oct 10	73,000	52.40	N/A	N/A
*8	14635 121A Ave	1965	Oct 10	41,349	61.67	87.22	31%
9	13007 149 St	1971	Dec 10	25,200	73.41	N/A	N/A

The Complainant testified that they have applied the City of Edmonton's industrial time-adjustment factors to calculate the time-adjusted sale price per square foot on all the 9 sales comparables (Exhibit C-1, p. 19).

The Complainant submitted that their best sales comparables are comparable #1, #2, #3 and #8, (as highlighted in the above chart) because they exhibit "the most similar physical characteristics" (Exhibit C-1, p.2). Based on these 4 best comparables, the Complainant concluded that \$80 per square foot would be a fair market value to be applied to the subject, which would result in a reduced value of \$2,576,000.

The Complainant argued that majority of the Respondent's sales comparables have much lower site coverage which make them superior to the subject property and therefore are not comparable to the subject.

The Complainant also contested the Respondent's equity comparables noting that they are smaller than the subject property. In the market, the smaller industrial properties would result in a higher sale price per square foot. The Complainant pointed out that even the Respondent's equity comparison chart supports this theory. Furthermore, the Respondent's equity comparables #2, #3 and #4 with similar main floor areas to the subject property have assessment ranging from \$76.54 to \$89.30 which supports a reduction for the subject property.

POSITION OF THE RESPONDENT

The Respondent provided a chart (Exhibit R-1, page 20) and supporting documents detailing 5 comparable sales located in the north-west industrial district, the same general area as the subject to demonstrate that the assessment of the subject property was supported by market sales activity. The comparable properties were all office/industrial buildings and were valid sales because they sold between January 2007 and March 2010. The buildings were constructed between 1962 and 1975 and had main floor areas ranging from 18,620 sq ft to 39,645 sq ft. Like the subject they all had main floor offices and four of the five had finished second floor areas. The comparables had site coverage ratios ranging from 15% to 34% with the subject being at 27%. The time adjusted sale prices of the comparable sales equated to unit rates ranging from \$104.47/ sq ft to \$126.95/sq ft when applied to the main floor area component only.

The Respondent also provided a chart of 15 equity comparables (Exhibit R-1, page 21) from the north-west industrial district again to demonstrate that the assessment of the subject property was fair and equitable with similar properties in the same general area. The comparable buildings were all in similar condition to the subject and the year built ranged from 1956 to 1977. The main floor area sizes ranged from 6,510 sq ft to 48,220 sq ft and the site coverage ratios ranged from 26% to 39%. The assessment unit rates, based on main floor area only, ranged from a low of \$75.53/ sq ft to a high of \$119.40/ sq ft.

The Respondent also provided a “review chart” (Exhibit R-1, page 27) that showed the Complainant’s nine sale comparables with both main floor areas and total building areas different to the areas indicated by the Complainant. Accordingly the unit rates for the total floor areas were different to rates provided by the Complainant and ranged from \$61.49/ sq ft to \$97.94/ sq ft. In argument it was pointed out that sale #3 at \$97.94/ sq ft and sale #5 at \$96.39/ sq ft support the assessment of the subject property. In addition, the Respondent had detailed the respective site coverage ratios of the Complainant’s sales that ranged from 19% to 56% and questioned if they were comparable to the subject because of this fact. The Respondent also argued that four of the Complainant sales were post-facto in the eyes of the Respondent as they only used sales that were concluded prior to valuation day, namely July 1, 2010.

DECISION

The complaint is allowed in part and the assessment is reduced to \$2,737,000.

REASONS FOR THE DECISION

The issue in this complaint hinges on the relative strength of the parties’ sale comparables.

The Complainant provided 9 sale comparables (Exhibit C1, pg1) which they argued supported a value of \$80.00 per square foot (sq. ft.). The Respondent provided 5 sales (Exhibit R1, pg 22) which they argued supported the assessment at \$99.69 per sq. ft. In addition, the Respondent provided an analysis of the Complainant’s sales (Exhibit R1 pg 27) which they used to dispute the suitability of the sales.

As well, the Respondent provided 16 equity comparables which they used to dispute the Complainant’s equity argument.

In analyzing the comparables of both parties, the issues which were discussed were the site coverage, the size of the buildings, the existence and quantity of second floor space and whether the resulting assessment per sq. ft. should be analyzed based on total area or main floor only. The CARB noted that while ceiling height was mentioned, it did not appear to be a significant attribute used in the City’s analysis (Exhibit C1, pg 7).

The Complainant suggested that their comparables #1, #2, #3 and #8 were the best comparables. The Respondent raised questions concerning the equivalency of site coverage in # 1 and #3 and the wrong size in # 2. They also pointed out that #8 was post facto.

The CARB reviewed the argument and evidence. The CARB was concerned at the comparables used by the Respondent. Four of the Comparables had much lower site coverage (27% - Subject, 15% – 19% for comparables). Three of them were at least 30% smaller than the subject, and 4 of them were at least 10 years newer with 2 being 17 years newer. As well, the City did not provide significant information which would account for the differences in value caused by these attributes.

The CARB did have criticisms for the Complainant’s comparables although it accepted that post facto sales could be used to demonstrate and support a trend. In analyzing the sales, the CARB concluded that #2 and #8 were the best comparables advanced by the Complainant. The CARB

also gave regard to #2, #6 and #9, because they were the ones where there was no second floor or mezzanine space although the CARB accepted that #6 and #9 had higher site coverage.

The CARB also reviewed the Equity comparables put forward by the Respondent and agreed with the Complainant that in general smaller buildings appeared to have higher assessments.

In the final analysis, the CARB put greater weight on the analysis of the Complainant. The assessment of #2 and #6 averaged around \$80.00 per sq.ft. and in reviewing the equity comparables, #2, #3, and #4 seemed to be fairly similar although the difference in site coverage was noted. As well, the CARB noted that the comparables (both equity and sales) did not have quite the same exposure of the subject (which they noted was a semi-retail outlet). Accordingly, the CARB establishes a value of \$85.00 per sq. ft. which is higher than the comparables, to reflect the better location of the subject and reduces the assessment to \$2,737,000 as set out above.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 7th day of December, 2011, at the City of Edmonton, in the Province of Alberta.

James Fleming, 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: 1416081 ALBERTA LTD