



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 448/11

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 18, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3082443	10630 176 Street NW	Plan: 8020508 Block: 4 Lot: 2A / 1A	\$5,653,500	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
Walid Melhem, Altus Group

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 10630 176 Street. It was constructed in 1983 and the total building area is 44,165 square feet. The site coverage of the subject property is 19% and the 2011 assessment is \$5,653,500.

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 assessment of \$5,653,500 is in excess of the 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 (July 1st, 2010) (Exhibit C-1 page 8). The sales comparables ranged from a low of \$80.02 to \$117.07 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 \$90.00 per square foot.

The Complainant presented seven equity comparables to the Board detailing age, size, condition, effective year built, and site coverage (Exhibit C-1 page 9). The equity comparables ranged from \$96.17 to \$121.82 assessment per square foot. The Complainant advised the Board that based on the equity, that \$97.00 per square foot is fair and equitable.

Under argument and summation, the Complainant advised the Board that the Respondent's sales comparables #'s 5 to 7 are in the southeast quadrant and tend to sell for higher price per square foot than those properties in the western quadrant.

Further, the Complainant advised the Board that the Respondent's sale #3 has signage revenue, which tends to skew the price per square foot.

Based on the direct sales approach and backed by equity comparables, the Complainant requests a 2011 assessment on the subject property of \$3,974,500.

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 to the Board detailing comparables similar to the subject property in terms of age, site coverage, condition, and size (Exhibit R-1 page 18). The comparable sales ranged from \$117.08 to \$223.97 time adjusted selling price per total building square foot.

The Respondent presented four equity comparables similar to the subject property. The equity comparables had a tight range in terms of age, site coverage, condition and total building area (Exhibit R-1 page 26). The comparables ranged from an assessment per total building square foot of \$130.81 to \$145.06, which supports the assessment per square foot of \$128.01 for the subject property.

The Respondent challenged the Complainant's #4 sale (10604 205 Street) stating the third party documents seem to be missing. The Respondent further noted the comparable is in the Winterburn area and not comparable in terms of location to the subject property. In addition, the Respondent advised the Board that the comparable (Exhibit R-1 pages 31-34) should not be given much weight as the comparable had a Quonset as part of the total building and part of the overall assessment was based on the cost approach.

The Respondent advised the Board that the Complainant's #2 sales comparable (Exhibit R-1 page 27) should not be given any weight as the property has 15 buildings with a mixture of relocatable buildings, quonset, utility buildings and material storage sheds. This mixture of buildings makes it difficult to do any type of meaningful comparisons to other industrial properties.

The Respondent advised the Board that the Complainant's #7 equity comparable (12465 153 Street) should not be used as the property was valued using an incorrect approach (R-1 page 41).

The Respondent advised the Board that the Complainant's #3 equity comparable (11528 160 Street) should not be considered as the approach to value is based on the cost approach and the comparable is included in the special purpose inventory.

The Respondent requested the Board to confirm the 2011 assessment of \$5,653,500.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$5,653,500 as being fair and equitable.

REASONS FOR THE DECISION

The Board found the Respondent's equity comparables to be very persuasive. The ranges of the equity comparables were tight in terms of age, condition, site coverage and size and the average equity assessment per square foot of \$137.54 supports the equity assessment of \$128.01 per square foot for the subject property.

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. Two of the Complainant's sales comparables had issues that made the comparability difficult.

The Board notes that sales comparable #1 with the Complainant and comparable #4 with the Respondent are utilized by both parties.

The Board put little weight on the Complainant's equity analysis as some were based on the cost approach and five of the seven equity comparables had upper offices, whereas the subject property had no upper office.

The Board was satisfied that the Complainant did not provide sufficient and compelling evidence to form an opinion as to the incorrectness of the assessment.

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: Brandt Tractor Properties Ltd.