



ASSESSMENT REVIEW BOARD

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10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 454/11

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 December 7, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9993630	16020 132 Avenue NW	Plan: 0125384 Block: 5 Lot: 4	\$12,086,000	Annual New	2011

Before:

Larry Loven, Presiding Officer
Mary Sheldon, Board Member
Brian Carbol, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Blaire Rustulka, Assessor, City of Edmonton
Melissa Zayac, 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.

At the outset of the hearing the Respondent pointed out that the Complainant was using the servicing status of the subject property as part of his argument concerning the correct valuation of the land portion of the subject property and that the servicing status of the subject property did not appear in the Complainant's disclosure. After a brief recess, the Board concluded that the issue raised by the Complainant was the fair and equitable valuation of the land portion of the subject property and that the merit hearing should proceed.

BACKGROUND

The subject property is 24.991 acres of land located at 16020 132 Avenue within the Mistatim Industrial District with the following improvements: a 15,720 square foot office building constructed in 1993; and, a 6,540 square foot industrial building constructed in 1983.

ISSUE(S)

The Complainant included a Schedule of Issues (C-1, p.3). Of the eight issues listed, only the following issue was presented by the Complainant at the hearing.

Is the assessment of the land portion of the subject property in excess of its market value for assessment purposes?

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 noted that the subject property is partially serviced and located in northwest Edmonton.
- The Complainant, using the Land Value Direct Sales Comparison Approach, presented five sales of similar properties in northwest Edmonton (C-1, p.10).

- Further, the Complainant noted that it was difficult to find sales comparables of similar partially serviced properties, so the sales comparables presented have varying levels of servicing. The properties for sales comparables #1, #4, and #5 are fully serviced while the property for sales comparable #3 is not serviced and the property for sale comparable #2 is partially serviced.
- The Complainant determined the average sales price to be \$9.87 per square foot and a median sales price of \$9.86 per square foot for the five sales comparables presented.
- The Complainant offered his opinion that a value of \$7.50 per square foot for the subject property reflects an “in between” position for the five sales comparables with varying levels of servicing that were presented.
- The Complainant maintained that the five sales comparables provided indicate a value lower than the current assessment of the land portion of the subject property, and requested a revised assessment for the land of \$7.50 per square foot for a total requested assessment of \$9,348,500 for the subject property (C-1, p.10).

POSITION OF THE RESPONDENT

- The Respondent submitted to the Board that the assessment detail of the subject showed that there was water and sanitary sewer service provided (R-1, page 15). The Respondent acknowledged that there was no storm sewer provided but submitted to the Board that there were drainage ditches and a large holding pond to the west of the subject property which would mitigate to some extent the effect of the lack of a storm sewer. The Respondent argued further that, in the current assessment, the Respondent had taken into account the lack of a storm sewer.
- In support of its position that the current assessment of the land portion of the subject property was fair, the Respondent provided details of four sales of land comparable to the land portion of the subject property (R-1, p.20). He pointed out that, of these four comparables, #2 and #4 were also used by the Complainant. He pointed out to the Board that the sizes of these comparables ranged from approximately 7 acres to approximately 40 acres and that the average time adjusted sale price per square foot of these sales comparables was \$11.62. The Respondent submitted that this evidence supported the assessment of the land portion of the subject property at \$10.01 per square foot.
- During questioning, the Respondent indicated that his comparable sale #4 had a higher selling price as it was fully serviced as well as being located on 137 Avenue, which the Respondent submitted was a busy thoroughfare and a location superior to the subject. The Respondent advised the Board that some previous decisions had applied a 30% downward adjustment to account for these differences and the Respondent argued that if that adjustment were applied to comparable #4, the average time adjusted price per square foot of the comparables would be \$11.42 per square foot. In the opinion of the Respondent, this supported the assessment of the subject property.
- The Respondent argued that the Complainant’s comparables supported the assessment. If the one comparable of the Complainant which had no servicing were removed from the

Complainant's chart, the average time adjusted sale price per square foot of the remaining comparables would be \$11.12.

- The Respondent submitted that the evidence showed that the current assessment of the land portion of the subject property was fair and equitable and requested that the Board confirm the assessment of the subject property at \$12,086,000.

DECISION

It is the decision of the Board to confirm the assessment at \$12,086,000.

REASONS FOR THE DECISION

The Board heard that only the value of the land was in dispute. The Replacement Cost Summary provided by the Complainant (C-1, p.6) shows the land valued by the City of Edmonton at \$10,902,606 or \$10.01 per square foot.

The characteristics of five sales comparables provided by the Complainant and the four sales comparables provided by the Respondent are summarized in the following table.

	Complainant Min	Complainant Max	Subject	Respondent Min	Respondent Max
Location	5-West		West	3-West; 1-NorthEast	
TASP/Sq. Ft. (Land Only)	\$4.86	\$14.88	\$10.01	\$9.15	\$14.88
Land Size (Sq Ft) (Acres)	507,038 11.64	4,893,530 112.34	1,088,662 24.99	31,3632 7.20	1,756,339 40.32
Serviced	1-No; 1-Partial; 3-Serviced		Partial	4-Serviced	
Zoning	4-IM;1-IB		IM	4-IM	

The Board finds that the time adjusted sales prices of two of the three serviced sales comparables provided by the Complainant, #4 and #5, at \$12.33 and \$14.88 per square foot, respectively, support the assessed value of subject land. The Board notes that the third serviced sales comparable given by the Complainant, #1, has a time adjusted sale price of \$7.50 per square foot, but finds that the comment section of the sales evidence (C-1, p.16) provides following, "... The transfer is for 11.64 acres, however the sale price is based on 7.20 acres which indicates a value of \$575,000 per acre." or \$13.20 per square foot, time adjusted (C-1, p.10) to approximately $[(\$7.50/\$8.17) \times \$13.20]$ \$12.12 per square foot. In the opinion of the Board these sales comparables support the assessment of the land portion of the subject property

Regarding the two un-serviced sales comparables #2 and #3 provided by the Complainant, both located in the White Industrial subdivision; #2, with a time adjusted sale price of \$9.86 per square foot, has in the comment section of the sales information provided by the Complainant (C-1, p.17) that "12.56 acres are zoned and partially serviced. 19.88 acres are zoned but un-serviced. 2.80 acres will be dedicated to storm water management facility. 27.58 acres entails a former lake bed and isolated area north of the lake (3.891 acres). The lake bed can be developed, however, \$5,000,000 in projected costs are involved.". Given this comment, the Board finds that it is likely that purchaser considered the additional development cost in the purchase of the property $[(\$27,132,906 + \$5,000,000)/62.82 \text{ acres} = \$511,507.38 \text{ per acre or } \$11.74 \text{ per square foot}]$ and that the time adjusted selling price per square foot of this sales comparable (C-1, p.10) including the projected development cost is approximately

$[(\$9.92/\$9.86) \times \$11.74] \11.81 . The Board finds that this sales comparable supports the assessment of the land portion of the subject property.

The Board accepts that sales comparable #3 has in the comment section of the sales information provided by the Complainant (C-1, p.18) the following, "*Lies immediately east of the Anthony Henday Drive. Unserviced. A drainage easement creates some severance. Some older improvements of no value.*". In the opinion of the Board, this comment provides an explanation of the lower time adjusted per square value of \$4.86 for this sales comparable.

Given that, without considering any potential adjustments for servicing, four out of five of the Complainant's sales comparables, including one un-serviced comparable, supports a higher value than that of the assessed value of the land portion of the subject property, and the assessment of the land portion of the subject property is supported by the Respondent's sales comparables, the Board finds that the land portion of the subject property appears to be assessed fairly.

Further, considering the Complainant's requested reduction for the land portion of the subject property from \$10.01 to \$7.50 per square foot, due in part to the partial servicing of the subject property, the Board was provided with little evidence or argument that it could rely upon to support this requested reduction; and, the Board finds that the subject property is serviced with respect to electrical power, sanitary sewer and municipal water, but not street lighting and storm sewer (the Board notes that the storm sewer appears to be accommodated by drainage ditches).

The Board was not provided with equity comparables by either the Complainant or the Respondent.

In summary, based on its consideration of the evidence and argument provided, the Board finds that the assessed value of the land portion of the subject property at \$10.01 per square foot has taken into account any potential reduction in value that may have arisen from the partial servicing of the subject property; and, therefore the land portion of the subject property was fairly assessed at \$10,902,606.

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.

Larry Loven, 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: Edmonton Salvage Disposal