



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 458/11

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 5, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10057591	17615 111 Avenue NW	Plan: 0620886 Block: 1 Lot: 16	\$3,619,000	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
Dale Doan, Board Member
George Zaharia, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Chris Buchanan, Altus Group
John Trelford, Altus Group

Persons Appearing on behalf of Respondent:

Will Osborne, Assessor, City of Edmonton

PRELIMINARY MATTERS

There were no preliminary matters raised with regard to this file.

PROCEDURAL MATTERS

The Board Members indicated they had no bias with regard to this file. The Parties indicated that they had no objection to the composition of the Board.

BACKGROUND

The subject property is a five-bay medium warehouse built in 2007 and located in the McNamara Industrial Subdivision, with a municipal address of 17615 – 111 Avenue NW. The land size of the property is approximately 74,400 square feet, with an assessed building area of approximately 26,500 square feet, and a site coverage of 36%. The 2011 assessment of the subject property is \$3,619,000.

ISSUE(S)

1. Is the 2011 assessment of the subject property too high compared to sales of comparable properties?
2. Is the 2011 assessment of the subject property too high based on equity comparables?

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

1. The Complainant provided four sales comparables that occurred between July 16, 2008 and March 10, 2010 for time adjusted sales prices for main floor space ranging from \$117.07 to \$150.04 per square foot. These sales resulted in an average of \$134.04 per square foot and in a median of \$134.51 per square foot (Exhibit C-1, page 8).

2. The Complainant provided five assessment comparables ranging from \$117.06 to \$145.48 per square foot for main floor space. These assessments resulted in an average of \$128.79 per square foot and in a median of \$122.97 per square foot (Exhibit C-1, page 9).
3. The Complainant requested that the Board reduce the 2011 assessment of \$3,619,000 to either \$3,278,000 based on sales comparisons or to \$3,101,500 based on equity comparables. In support of this request, the Complainant drew to the Board's attention excerpts from a British Columbia Court decision in *Bramalea Ltd. v. British Columbia* and in an Alberta Court of Queen's Bench decision in *Mountain View (County) v. Alberta (Municipal Government Board)*. In the "Bramalea" decision, the judge wrote, "*It is my view that the principles mentioned give the taxpayer two distinct rights: (i) a right to an assessment which is not in excess of that which can be regarded as equitable; and (ii) a right not to be assessed in excess of actual value.*" (Exhibit C-1, page 43) In the *Mountain View* decision, the judge wrote, "*The principles that underlie the assessment process dictated by the Act are threefold. They require that assessments of property be based on market value, that they not be in excess of that which is fair and equitable having regard to assessment of similar property in the same municipality and that they be prepared using mass appraisal.*" (Exhibit C-1, page 43)
4. As a final position, the Complainant requested that the 2011 assessment of the subject property be reduced from \$3,619,000 to \$3,101,500 based on equity comparables.

POSITION OF THE RESPONDENT

1. The Respondent provided twelve sales comparables that occurred between June 19, 2007 and March 11, 2010 for time adjusted sales prices for main floor space ranging from \$141.37 to \$188.55 per square foot. These sales were of properties located in the southeast quadrant and the west area of the city, where the subject is located. Sales comparables number 1 – 5 and 11 and 12 are located in the same area of the city as is the subject. The effective year built of the comparables ranged from 1987 to 2007, 2007 being the year that the subject was built. The site coverage ranged from 19% to 39%, necessitating downward adjustments to the time adjusted sale prices for those properties with a site coverage less than the 36% site coverage of the subject (Exhibit R-1, page 19).
2. The Respondent provided seven assessment comparables ranging from \$130.99 to \$168.88 per square foot for main floor space. These equity comparables were similar in age, site coverage, and main floor size, and were all in average condition as was the subject. Equity comparable number 1 is located in the same neighbourhood as the subject, while equity comparables number 3 and 4 are located in an adjoining neighbourhood (Exhibit R-1, page 33).
3. The Respondent addressed the sales comparison model, highlighting that:
 - a. Sales occurring between January, 2007 and June, 2010 were used in model development and testing.

- b. Sales were validated by conducting site inspections and interviews, and by reviewing title transfers and,
 - c. 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 buildings, the total area of the main floor, developed second floor and mezzanine area (Exhibit R-1, page 7).
- 4. The Respondent pointed out that the assessments for the Complainant's equity comparables number 2 and 3 were in error for 2011 since a major roadway adjustment had not been applied to the assessment; however, this error will be corrected for 2012. This correction would result in a 10 to 15% upward adjustment to the 2011 assessments (Exhibit R-1, pages 35 – 37).
 - 5. The Respondent requested that the 2011 assessment of \$3,619,000 be confirmed.

DECISION

The decision of the Board is to confirm the 2011 assessment at \$3,619,000.

REASONS FOR THE DECISION

- 1. The twelve sales comparables provided by the Respondent supported the \$136.51 per square foot assessment applied to the subject property. It is acknowledged that several of the comparables would require downward adjustments due to considerably lower site coverage. However, the values of these comparables with lower site coverage are significantly higher than the subject, and even with a downward adjustment, the comparables would still support the 2011 assessment of the subject.
- 2. The five sales comparables provided by the Complainant also support the assessment of the subject property. The \$134.51 median value for main floor space is within one and one half percent of the assessed value of the subject property. The Board found no evidence to support the Complainant's request for a reduction in the assessment of the subject property to \$124 per square foot.
- 3. The Board placed greater weight on the Respondent's equity comparables. The assessment of the subject at \$136.51 per square foot fell within the \$130.70 to \$141.37 per square foot range of the comparables, the age and site coverage was within an acceptable range, and with one exception, the main floor size of the comparables were close to the subject.
- 4. The subject property is located on 111 Avenue, a major arterial road, which meets one of the factors identified by the Respondent in the "sales comparison model" and adds to the desirability of the property.

5. The Board is persuaded that the 2011 assessment of the subject property at \$3,619,000 is fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 20th day of December, 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, 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: COVENTRY LANDS GROUP INC