



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 483/11

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:
4149266	11610 178 Street NW	Plan: 9021777 Block: 4 Lot: 11	\$3,404,000	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:

Walid Melhem, Altus Group  
Chris Buchanan, 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 11610 178 Street NW. The subject property has a total building area of 26,045 square feet and was constructed in 1997. The subject property has site coverage of 26% and the 2011 assessment is \$3,404,000.

## **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 property assessment of \$3,404,000 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 1<sup>st</sup>, 2010) (Exhibit C-1 page 8). The sales comparables ranged from a low of \$82.50 to \$143.66 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 \$115.00 per square foot.

The Complainant advised the Board that the subject property had been sold in June 2009. The time adjusted sale price to the valuation date (July 1<sup>st</sup>, 2010) is \$2,284,038, which is less than the current assessment of \$3,404,000.

The Complainant requested the Board to reduce the 2011 assessment to \$2,995,000.

## **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 comparables to the Board detailing comparables similar in terms of age, site coverage, condition and total building area (Exhibit R-1 page 18). The comparable sales ranged from a time adjusted selling price per total building square foot of \$132.15 to \$177.74 per square foot, which supports the assessment of \$130.70 per square foot of total area.

Although equity was not an issue, the Respondent presented twelve equity comparables similar to the subject property in terms of age, site coverage, condition and total building area (Exhibit R-1 page 27). The comparables ranged from an assessment per total building square foot of \$130.99 to \$181.14, which supports the subject property's assessment per square foot of \$130.70.

The Respondent advised the Board to ignore the sale of the subject property as the seller was highly motivated and under duress to sell. (Exhibit R-1 pages 28-29).

## **DECISION**

The Board reduces the 2011 assessment of \$3,404,000 to \$2,995,000 as being fair and correct.

## **REASONS FOR THE DECISION**

The Board was persuaded by the sale of the subject property. The Board notes that the Courts have held that the best indicator of market value is the sale of the subject property close to valuation date. Although both parties stated that the seller was highly motivated, there was no evidence to support this assertion. Therefore the Board considers the sale to be valid as the subject property was put on the open market and there was a realtor involved and had a willing buyer and a motivated seller.

The Board notes that the time adjusted sale price of the subject property of \$2,284,000 is \$1,000,000 lower than the current assessment, whereas the requested value by the Complainant is \$400,000 lower than the current assessment.

The sale of the subject property was lower than the requested valuation from the Complainant; therefore the Board accepts the Complainant's requested valuation. The Board is reluctant to reduce any assessment below what the Complainant is asking.

**DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 15<sup>th</sup> day of December, 2011, at the City of Edmonton, in the Province of Alberta.

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Robert Mowbrey, Presiding Officer

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*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.*

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cc: Kootenay Holdings Ltd.