



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 555/11

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 1, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8637639	7805 Argyll Road NW	Plan: 4243KS Block: 2 Lot: 10	\$1,948,000	Annual New	2011

Before:

John Noonan, Presiding Officer
Taras Luciw, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Luis Delgado, Assessor, City of Edmonton

PROCEDURAL MATTERS

The third assigned member, Mr. Pointe was unable to attend due to a previous engagement, and the hearing proceeded with a quorum as allowed at *MGA* s 458(2).

PRELIMINARY MATTER

The Assessor brought forward a recommendation to reduce the assessment to \$1,860,500. An error had been discovered in the size of one of the buildings; it should be 9600 sq.ft. rather than 9816 sq.ft. An additional adjustment for the second building onsite was recommended, due to its lack of exposure. The size correction would reduce the assessment to \$1,926,000 and the exposure adjustment resulted in the final recommendation of \$1,860,500. The Complainant felt the recommendation still overstated the property's value and the hearing proceeded.

BACKGROUND

The subject comprises two mid-1960's built industrial buildings, the larger 9600 sq.ft. facing Argyll Road and a 4040 sq.ft. building facing Coronet Road. The total developed area, all main floor, is 13,640 sq.ft., covering 36% of a 38,213 sq.ft. lot. The 2011 assessment was prepared by the direct sales comparison model.

ISSUE(S)

An attachment to the complaint form identified the following issues:

1. The subject property is assessed in contravention of Section 293 of the Municipal Government Act and Alberta Regulation 220/2004.
2. The use, quality, and physical condition attributed by the municipality to the subject property are incorrect, inequitable and do not satisfy the requirement of Section 289 (2) of the Municipal Government Act.
3. The assessed value should be reduced to the lower of market value or equitable value based on numerous decisions of Canadian Courts.
4. The assessment of the subject property is in excess of its market value for assessment purposes.
5. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.
6. The information requested from the municipality with regards to the assessment roll was so expensive that the costs impeded access to information.
7. The classification of the subject premise is neither fair, equitable, nor correct.

The complaint form listed an eighth issue:

8. The municipality has failed to account for various elements of physical, economic and/or functional obsolescence.

At the hearing, the CARB heard evidence and argument on the following issues:

- 1. Do the sales comparables show the subject is assessed in excess of its market value?**
- 2. Has the subject been equitably assessed?**

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

Issue 1: Sales comparables

Five sales comparables were presented, selected for similarity to the subject in age, lot size, site coverage and leasable area. The largest property was also the highest valued, the rest clustered around the \$125 per sq.ft. range.

	Subject	Comparables Range
Lot size sq.ft.	38,213	20,990 – 45,318
Site coverage %	36	29 - 44
Leasable area	13,856	7532 – 18,944
TASP/sf (subject assessment)	\$136.40 (recommendation)	\$116.40 - \$159.59

The Complainant argued that the market evidence indicated \$125 per sq.ft. would be a fair value, resulting in a requested assessment of \$1,732,000.

Issue 2: Assessment equity

Six equity comparables were presented, selected for similarity to the subject in lot size, site coverage and leasable area. Four were on the same street, and four were within 1200 sq.ft. of the subject's leasable area.

	Subject	Comparables Range
Lot size sq.ft.	38,213	29,493 – 47,768
Site coverage %	36	32 - 40
Leasable area	13,856	9888 – 18,676
Assessment per sq.ft.	\$136.40 (recommendation)	\$112.50 - \$119.58

The equity comparables showed average and median values of \$117.46 and \$117.75 per sq.ft., and the Complainant suggested a \$118 rate applied to the subject would yield an equitable assessment of \$1,635,000.

POSITION OF THE RESPONDENT

Issue 1: Sales comparables

Six sales were presented, most located on major roads. Two sales were common to the presentations of both parties.

	Subject	Comparables Range
Site coverage %	36	24 - 48
Total building area sq. ft.	13,640	8006 – 12,494
Upper office	0	0 - 2346
TASP/sf (subject assessment)	\$136.40 (recommendation)	\$107.44 - \$173.54

Issue 2: Equity comparables

Eight equity comparables were presented, four located on major roads like the subject.

	Subject	Comparables Range
Site coverage %	36	27 - 39
Total building area sq. ft.	13,640	9612 – 16,427
Upper office	0	0
Assessment per sq.ft.	\$136.40	\$131.55 - \$170.30

DECISION

The CARB reduces the assessment to \$1,637,000.

REASONS FOR THE DECISION

The sales comparables were perplexing. As illustration, the CARB highlights the following:

	Age	Lot	Bldg	Price/sf
Complainant's 8545 Coronet Rd	1963	24,163	8588	\$123.54
Respondent's 6140 99 Street	1979*	24,865	8514	\$167.92

* While the Respondent's information says 1979, the Network lists 1968.

Other than location, and perhaps age, these peas in a pod differ in valuation by 36%. The CARB found other examples of very wide value indications. Of the pair cited above, the Board found the subject was probably closer in value to the Coronet Road property, given that one of the two buildings onsite fronted Coronet, and there was no controversy over age.

The Board then considered the equity comparables, and saw in the Complainant's evidence three close comparables in age, lot size and leasable area at 8825, 8803 and 9803 63 Avenue. All of

these were assessed in the \$117 – \$120 range. Based on this equity evidence, with some weak support from the Coronet Road sale comparable, the CARB decided that an assessment of \$120 per sq.ft. would yield a fair and equitable value. Applied to the corrected area of 13,640 sq.ft., the assessment should be \$1,636,800 prior to rounding.

Dated this 21st day of December, 2011, at the City of Edmonton, in the Province of Alberta.

John Noonan, 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: IND COM HOLDINGS LTD