



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 563/11

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 29, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1553148	17530 105 Avenue NW	Plan: 7721110 Block: 4 Lot: 12	\$4,226,000	Annual New	2011

Before:

John Noonan, Presiding Officer
Reg Pointe, Board Member
Taras Luciw, Board Member

Board Officer: Segun Kaffo

Persons Appearing on behalf of Complainant:

Chris Buchanan, Altus Group

Persons Appearing on behalf of Respondent:

Will Osborne, Assessor, City of Edmonton

BACKGROUND

The subject property is a warehouse property consisting of two buildings, of approximately 21,000 square feet each, both constructed in 1980, located on a lot of approximately 106,000 square feet. It is located at municipal address 17530 105 Avenue NW in the McNamara Industrial neighbourhood of northwest Edmonton. It was assessed on the direct sales comparable method, and the 2011 assessment is \$4,226,000.

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.

	Subject	Comparables Range
Lot size sq.ft.	106,146	86,975 – 167,277
Site coverage %	40	34 - 46
Leasable area	42,114	41,554 – 68,815
TASP/sf (subject assessment)	\$100.35	\$60.45 - \$89.22

The Complainant suggested that the market evidence indicated \$74 per sq.ft. would be a fair value, resulting in a requested assessment of \$3,116,000.

Issue 2: Equity comparables

Six equity comparables were presented, selected for similarity to the subject in age, lot size, site coverage and leasable area.

	Subject	Comparables Range
Lot size sq.ft.	106,146	87,083 – 143,272
Site coverage %	40	37 - 41
Leasable area	42,114	32,494 – 53,853
Assessment per sq.ft.	\$100.35	\$65.82 - \$93.86

The equity comparables showed average and median values of \$79.72 and \$79.49 per sq.ft., and the Complainant suggested an \$80 rate applied to the subject would yield an equitable assessment of \$3,369,000.

POSITION OF THE RESPONDENT

Issue 1: Sales comparables

The Respondent presented seven sales comparables selected for similarity to the subject in age, location, lot size, site coverage and leasable area. Four of the comparables were smaller, 20,000 sq.ft. or less, to show the value of the subject as two buildings.

	Subject	Comparables Range
Site coverage %	40	24 - 56

Total building area sq. ft.	42,114	15,576 – 41,554
Office mezz included in area	0	0 - 3225
TASP/sf (subject assessment)	\$100.35	\$90.34 - \$157.98

Issue 2: Equity comparables

Eleven equity comparables were presented.

	Subject	Comparables Range
Site coverage %	40	34 - 40
Total building area sq. ft.	42,114	17,216 – 40,831
Office mezz included in area	0	0
Assessment per sq.ft.	\$100.35	\$99.20 - \$106.18

DECISION

The CARB reduces the assessment to \$3,444,500.

REASONS FOR THE DECISION

The CARB looked for sales comparables close in size to the subject's 42,114 sq.ft. and noted that one sale was common to both parties: 16295 132 Ave, reported by the Complainant as having sold for a time-adjusted \$89.22, by the Respondent at \$90.34. The CARB applied the January 2008 time adjustment from the Complainant's evidence and found the lower figure correct. Utilizing that sale and two others, 12930 148 Street and 20 Airport Road adjusted up to \$80 for roof repairs, the CARB found an average sale price of \$81.79 per sq.ft. for an average size of 44,288 sq.ft. Applied to the subject's 42,114 sq.ft. a value of \$3,444,500 was found.

The Respondent had advanced four sales in the 15,500-20,300 sq.ft. range to show the value of the subject as individual buildings. With the exception of the smallest building that had the highest (56%) site coverage, these sales showed prices in the \$137-\$158 range, a far cry from the \$90-\$117 range of the Respondent's larger building comparables. Ten of the Respondent's eleven equity comparables were within a very tight range of \$99.20 to \$104.43. Though there were differences in age and site coverage, the glaring conclusion from this array of equity comparables was virtually negligible assessment per square foot difference between buildings of 20,000 and 40,000 sq.ft. After excluding the lowest valued equity comparable from the Complainant's presentation, which was an inferior, partially serviced location in Mistatim, the balance of those comparables showed a spread of values from \$79 to \$93. The Board felt the subject should fall closer to the bottom of this range due to the aerial photo of the subject. That photo showed a number of neighbouring properties, and those to the east and northeast of the subject were receiving deliveries by tractor-trailer rigs. Due to the layout of the subject, those trucks would not have access to the property. While every industrial property might not require large truck access, reason would dictate that having such access would expand the field of potential tenants for a typical industrial development.

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: SPRUCE LAND DEVELOPMENTS LTD