



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 567/11

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:
1550573	16925 107 Avenue NW	Plan: 1844TR Block: 2 Lot: 11	\$3,436,500	Annual New	2011

Before:

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

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Chris Buchanan, Altus Group

Persons Appearing on behalf of Respondent:

Stephen Leroux, Assessor, City of Edmonton
Will Osborne, Assessor, City of Edmonton

BACKGROUND

The subject property is an industrial building constructed in 1973 and covering 37% of a rectangular shaped 51,884 sq. ft. lot in the Youngstown Industrial neighbourhood. The building measures 25,856 sq. ft. including 6,750 sq. ft. of developed mezzanine space. The assessment was prepared by a sales comparison model using 3½ years of sales data from January 2007 through June 2010. The 2011 assessment model does not differentiate main floor office or warehouse space, but did find mezzanine office space a value factor while mezzanine storage was not.

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

The complainant presented four sales comparables selected for similarity to the subject in age, location, lot size, site coverage and leasable area.

	Subject	Comparables Range
Lot size sq.ft.	99,785	27,556 – 167,271
Site coverage %	33	26 - 41
Leasable area	32,767	16,450 – 68,815
TASP/sf (subject assessment)	\$104.88	\$71.62 - \$88.22

The Complainant suggested that the market evidence indicated \$85 per sq.ft. would be a fair value, resulting in a requested assessment of \$2,785,000.

Issue 2: Assessment equity

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

	Subject	Comparables Range
Lot size sq.ft.	99,785	51,884 – 99,997
Site coverage %	33	31 - 38
Leasable area	32,767	25,216 – 39,344
Assessment per sq.ft.	\$104.88	\$84.50 - \$108.60

The equity comparables showed average and median values a little greater than \$95 per sq.ft., and the Complainant suggested a \$95 rate applied to the subject would yield an equitable assessment of \$3,112,500.

POSITION OF THE RESPONDENT

Issue 1: Sales Comparables

The Respondent presented eight sales comparables (one of which re-sold) selected for similarity to the subject in age, location, lot size, site coverage and leasable area.

	Subject	Comparables Range
Site coverage %	33	23 - 56
Total building area sq. ft.	32,768	18,967 – 46,685
Office mezz included in area	0	0 - 3225
TASP/sf (subject assessment)	\$104.88	\$90.34 – 157.98

Issue 2: Assessment equity

The Respondent provided 7 equity comparables of properties located in close proximity to the subject:

	Subject	Comparables Range
Site coverage %	33	29 - 54
Total building area sq. ft.	32,768	20,284 – 48,000
Office mezz included in area	0	0
Assessment per sq.ft.	\$104.88	\$98.54 – 108.45

These comparables produced an average building area of 26,924 sq.ft., 40% coverage, and an assessment of \$103.76, which the Respondent suggested was supportive of the subject assessment.

DECISION

The CARB confirms the assessment of \$3,436,500.

REASONS FOR THE DECISION

In questions, the Respondent established a number of problems with some of the Complainant's sales comparables. In particular, the highest price sale identified of \$88.22 per sq.ft. ought to be \$129.92 as at the time of sale the fair condition property at 11430 142 Street had no mezzanine area, this being added after the sale date. The 68,815 sq.ft. property at 11771 167 Street was in need of the addition of a sprinkler system, and the Board determined this requirement would boost the price to approximately \$79 per sq.ft. time-adjusted. Another sale at 11610 178 Street for \$87.70 per sq.ft. was reported by the City as not reflective of market value, this view apparently shared by the seller's agent as evidenced by the sales validation questionnaire presented by the City. The CARB simply notes that for a property of its size and low site coverage, the price seems low. Even if that value is accepted, the other corrections would produce an average price from the Complainant's comparables of almost \$94 per sq.ft. One of the four comparables from the Complainant, 12240 142 Street, had a lot size very close to that of the subject, and an improvement some 4200 sq.ft. larger, that sold for \$79.66 but the Board felt the subject was in a superior location.

The CARB found the best sales comparable to be a few blocks north of the subject, a 46,685 sq.ft. property at 11670 170 Street that sold for \$101.65 per sq.ft. As it was larger and had 45%

site coverage, the CARB would expect the subject to be worth more. The best equity comparable was the property at 11605 156 Street, again from the Respondent's evidence. That 31,776 sq.ft. improvement is within 1000 sq.ft. of the subject's size, and with inferior (higher) site coverage carries an assessment of \$102.39 per sq.ft. versus \$104.88 for the subject.

The CARB is satisfied the subject is assessed fairly and equitably.

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: HERBERS INVESTMENTS LTD