



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 64/11

Brad Roberts, R & R Property Management Ltd.  
5650 - 99 Street,  
Edmonton, AB T6E 1V2

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 July 26, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10200484	5704 99 Street NW	Plan: 6712KS Block: 14 Lot: 2 / Plan: 0726763 Block:1 Lot: 1	\$8,100,000	Annual New	2011

#### Before:

Dean Sanduga, Presiding Officer  
Reg Pointe, Board Member  
Taras Luciw, Board Member

#### Board Officer:

Nicole Hartman

#### Persons Appearing on behalf of Complainant:

Brad Roberts, R & R Property Management Ltd.

#### Persons Appearing on behalf of Respondent:

Luis Delgado, City of Edmonton, Assessor  
Stephen Leroux, City of Edmonton, Assessor

## **PRELIMINARY MATTERS**

There were no preliminary matters raised.

Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board.

## **BACKGROUND**

The subject property improvement is being assessed as special-use, using a cost approach to value. The subject property is located on 5704 – 99 Street on 189,050 square feet of land. The improvements include an office, warehouse and mezzanine totalling 40,325 square feet in size.

## **ISSUE(S)**

1. Is the current assessment correct?
2. Is a property under construction assessable?
3. Is the assessed building size of 40,325 square feet correct?

## **LEGISLATION**

**The *Municipal Government Act*, R.S.A. 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 submitted written evidence in the form of a two page letter with four pages of photographs, entered as exhibit C – 1.

The Complainant believes that an error was made on the assessment and that it is wrong and over-inflated. To support this position, he provided a description of a comparable property located at 9920 – 63 Avenue (C-1, page 1), that is assessed at \$3,769,000. The Complainant submitted that the comparable property has a smaller lot size of 3.358 acres compared to the subject with 4.34 acres, but is substantially larger with a 70,097 square foot building, while the subject building only has 34,560 square feet. Notwithstanding the subject property being newer, it is constructed with metal cladding while the comparable property is of superior cinder block construction and has a fully paved yard.

In December, 2010 the subject property was partially finished, still under construction and not occupied. Based on the status of the building, the Complainant believes the assessment is excessive.

The Complainant described the footprint of the building as being 34,560 square feet but the taxable square footage shows it as 40,320 square feet. This overstating of the size is further evidence that the assessment is wrong and over-inflated.

Based on these facts, the Complainant feels the comparable property's assessment of \$3,769,000 would be fair and requested a reduction to this amount.

### **POSITION OF THE RESPONDENT**

The Respondent advised the Board that an offer was made to the Complainant to reduce the assessment to \$5,268,500 but it was unacceptable to the Complainant.

The subject property was under construction during 2010 and was considered to be 80% complete by December 31, 2010. The assessment for 2011 was a calculation of the replacement cost using the Marshall and Swift Costing Manual, less normal depreciation and adding land value (R-1, page 9). The improvement value was determined to be \$2,225,970 with a land value of \$3,043,027 for a total recommended assessment of \$5,268,500. The improvement value is supported by a construction cost report provided by the Complainant dated March 7, 2011 (R-1, page 26) and adding a developer mark-up. The land was included at a value of \$701,158 per acre and is supported by five land sales with an average sale value of \$939,109 per acre (R-1, page 27). In addition, the lot adjoining the subject to the south, sold for \$1,100,436 per acre on September 17, 2008.

The Complainant's comparable at 9920 – 63 Avenue, assessed at \$3,769,000, is a considerably older building and has little improvement value remaining. Most of the value is in the land which has been assessed at \$835,271 per acre.

While the footprint of the subject building is 34,565 square feet, there is an additional 5,760 square feet of mezzanine storage space included in the assessment, totalling 40,325 square feet.

The Respondent felt that they had been quite lenient in recognizing the 20% unfinished state of the building and in recommending the reduced assessment of \$5,268,500.

### **DECISION**

The decision of the Board is reduce the 2011 assessment to the recommended amount of \$5,268,500.

Roll Number	Original Assessment	New Assessment
10200484	\$8,100,000	\$5,268,500

## **REASONS FOR THE DECISION**

1. The Board found the Respondent's five land sales comparables (R-1, page 27) are similar to the subject property in size, site coverage, zoning and location. The average assessment of the comparables is \$939,109 per acre whereas the subject property is assessed at \$701,158 per acre.
2. The Board noted the Complainant's project cost breakdown (R-1, page 26) indicates a total construction cost of \$2,107,215. The Respondent indicated that the Complainant's construction cost did not include a developer's fee. The Board was satisfied that the cost must include a developer's fee and accepted the Respondent's improvement value of \$2,225,970.
3. The Board agreed with the Respondent's assessment recommendation to reduce the land and improvement assessment to \$5,268,500.
4. The Board placed less weight on the Complainant's equity comparable. The Board found that the equity comparable is dissimilar to the subject in size, age and location exposure.

## **DISSENTING OPINION AND REASONS**

There were no dissenting opinions.

Dated this 28<sup>th</sup> day of July, 2011, at the City of Edmonton, in the Province of Alberta.

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Dean Sanduga, 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, R.S.A. 2000, c.M-26.*

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cc: R & R Property Management Ltd