



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 649/11

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 January 9, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8480329	4903 99 Street NW	Plan: 4187RS Block: 2 Lot: 2 / 3	\$4,555,500	Annual New	2011

Before:

Robert Mowbrey, Presiding Officer
Brian Hetherington, Board Member
Tom Eapen, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Joel Schmaus, Assessor, City of Edmonton

PRELIMINARY MATTERS

1. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

2. The subject property consists of two medium warehouses located at 4903 99 Street with an effective year built of 1973. The subject property consists of a total building area of 40,800 square feet. The subject property has site coverage of 40% and an assessment of \$4,555,500.

ISSUE(S)

3. Is the subject property equitably assessed with similar properties and are the equity comparables similar?

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

4. The Complainant filed this complaint on the basis that the subject property assessment is in excess of similar competing equity properties. In support of this position, the Complainant provided an equity comparable chart consisting of four comparables to the subject property. The equity comparables were all located on the same major arterial roadway as the subject property. The equity comparables detailed site coverage, age and size to the subject property (Exhibit C-1, page 8). The equity comparables ranged from 1968 to 1976 in age and 35% to 45% in terms of site coverage. The gross building area ranged in size from 35,528 to 49,976 square feet.
5. The Complainant advised the Board that the assessment per square foot ranged from \$88.98 to \$102.48. The Complainant stated that due to attributes such as age, size, location and site coverage, it has been determined that the indicated equitable value of the subject property should be \$98.00 assessment per square foot.
6. Under argument, the Complainant stated that the economies of scale have been completely missed. The two buildings assessed should be treated as one 40,000 square foot building, as that is what a purchaser would be looking at.

7. The Complainant requested a 2011 assessment of \$3,998,000 based on \$98.00 assessment per square foot.

POSITION OF THE RESPONDENT

8. 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.
9. Sales were validated by conducting site inspections and interviews, and by reviewing title transfers, sales validation questionnaires, and four data collection sources.
10. 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.
11. 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.
12. Site coverage expresses the relationship between the main floor area of the building and the amount of land associated with it. Properties with a larger amount of land in relation to the building footprint will see a higher value per square foot, as each square foot has to account for the additional value attributable to the larger land area.
13. The Respondent presented seven equity comparables to the Board (Exhibit R-1, page 19). The equity comparables ranged in age from 1969 to 1980 and in site coverage from 34 to 44%. The total area ranged from 32,368 49,498 square feet. The assessment per square foot of total area ranged from \$106.69 to \$123.22.
14. The Respondent advised the Board that the Complainant's comparables were all single buildings as opposed to the subject property being a two building warehouse.
15. In addition, the Respondent advised the Board of MGB Board Order #114/09, which specically confirms the 5% range of value and stated as follows:

"Bearing in mind the range of values within an assessment should fall (five percent, plus or minus), the MGB finds that the evidence before it supports a conclusion that the assessment reflects market value and meets the requirements for fairness and equity with comparable properties."
16. Furthermore, the Respondent advised the Board that the Complainant had not met the burden of proof in proving the incorrectness of the assessment.
17. Under argument, the Respondent stated the buyer is going to pay according to the cap rate.

18. The Respondent asked the Board to confirm the 2011 assessment of \$4,555,500 as being fair and equitable.

DECISION

19. The decision of the Board is to confirm the 2011 assessment of \$4,555,500 as being fair and equitable.

REASONS FOR THE DECISION

20. The Board reviewed both the Complainant's and Respondent's equity comparables and determined the Respondent's equity comparables were more compelling than the Complainant's equity comparables. The Complainant's equity comparables were all single buildings, whereas the Respondent's equity comparables were multi buildings, the same as the subject property.
21. The Board determined that the median assessment per square foot of the total area for the seven equity comparables of the Respondent was \$109.86, which approximates the assessment.
22. Jurisprudence has established the onus of showing an assessment is incorrect rests with the Complainant. The Board is satisfied that the Complainant did not provide sufficient and compelling evidence to form an opinion as to the incorrectness of the assessment.

DISSENTING OPINION AND REASONS

23. There was no dissenting opinion.

Dated this 24th day of January, 2012, at the City of Edmonton, in the Province of Alberta.

Robert Mowbrey, 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: 99 Street Power Centre Ltd