



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 673/11

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:
9548033	4804 90 Avenue NW	Plan: 7622043 Block: 4 Lot: 1	\$3,306,000	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 Ltd

Persons Appearing on behalf of Respondent:

Joel Schmaus, Assessor, City of Edmonton

PRELIMINARY AND PROCEDURAL MATTERS

Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board advised the parties that Board members had no bias on the file.

At the outset of his presentation the Respondent informed the Board that the City had reduced the assessment by 5% to \$3,140,500 to account for the lack of concrete on about 80% of the property. The Respondent will be defending this new amount. The Board notes the Complainant did not accept the reduction.

BACKGROUND

The subject property is a medium-sized warehouse building, presently used as a paintball games facility. It is located at 9804 90 Avenue in the Lambton Industrial subdivision of southeast Edmonton. The building occupies 19,799 sq. ft. on the 72,708 sq. ft. lot, but 15,750 sq. ft. of the building is an indoor field, which is the portion used for the paintball games.

ISSUE

Is the current assessment of \$3,306,000 fair and equitable?

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

The Complainant filed this complaint on the basis that the subject property is assessed in excess of market value. In support of this position, the Complainant provided the Board with a 71-page brief (Exhibit C-1) to support his request for an assessment of \$2,398,000.

In the brief, the Complainant produced three charts to support his request. The charts were: five Direct Sales Comparables (Exhibit C-1, page 10); five equity comparables (Exhibit C-1, page 11) and 15 Land Sales (Exhibit C-1, page 12).

The five sales included two with upper offices, which distinguished them from the subject property, which does not have upper offices. The sales dates for the five properties ranged from August 2007 – April 2010 and their time-adjusted sales prices per sq. ft. ranged from \$124.00 - \$180.30, providing an average of \$150.35 per square foot and a median of \$150.04 per square foot.

The five equity comparables had assessments per sq. ft. ranging from \$153.22 - \$170.86, which provided an average of \$160.20 and a median of \$158.15.

The third chart, of 15 land sales, which were all zoned IM or IB, had sales dates ranging from February 2007 – October 2010. They included per sq. ft. sales prices ranging from \$6.66 - \$16.96, showing a median of \$13.66. The Complainant stated these sales were in line with his request for a land sale valuation of \$13.75.

The Complainant also provided the Board with extracts from Marshall & Swift's valuation documents.

In a rebuttal document, the Complainant stated that two of the Respondent's sales comparables were located on busier roadways, unlike the subject property, while another one was a Sale/Leaseback, which discounted its value as an effective comparable. The Complainant also stated the three remaining sales are at the high end of the market.

Considering the attributes of age, size, location and site coverage of the subject property, the Complainant requests the assessment value should be \$130.00 per sq. ft. minus the cost of concrete flooring. Therefore, based on the direct sales approach, the Complainant requests the 2011 assessment should be \$2,398,000.

POSITION OF THE RESPONDENT

The Respondent provided the Board with a 73-page brief (Exhibit R-1), which includes a summary of the City's Law and Legislation approach to property assessment.

The Respondent advised the Board of the City of Edmonton's mass appraisal approach for its warehouse inventory. The Respondent uses the direct sales methodology and sales occurring from January 2007 to June 2010 were used in the model development and testing.

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.

The most common unit of comparison for industrial purposes is value per sq. ft. of building area. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison.

The Respondent presented the Board with a chart of six sales comparables (Exhibit R-1, page 22), which included three sales - #3, #5 and #6 – which were also used by the Complainant. The six sales were concluded in a period ranging from July 2007 – July 2008 and had time-adjusted sales prices per sq. ft. ranging from \$150.04 - \$180.30, showing an average of \$163.20, which supported the revised assessment of the subject property at \$158.61 per sq. ft.

The Respondent also provided the Board with a chart of five equity comparables, all in the Southeast quadrant of the city, but south of the subject property. The site coverages of these properties ranged from 23% - 29%, which were in line with the subject property's coverage of

27%. The assessments on these properties ranged from \$156.00 - \$177.78 per sq. ft., with an average of \$166.74, which supports the revised assessment of \$158.61.

The Respondent also included in his brief a relevant page from the 2010 version of the Marshall & Swift cost method charts. Using the figure of \$4.76 per sq. ft. for the concrete cost of the 15,750 sq. ft. portion of the property that is not already paved, this produces a concrete allowance cost of \$74,970.

The Respondent requests the Board to confirm the new revised assessment of \$3,140,500 as being fair and equitable.

DECISION

Roll Number	Original Assessment	New Assessment
9548033	\$3,306,000	\$3,140,500

The decision of the Board is to confirm the 2011 revised assessment of \$3,140,500 as being fair and reasonable.

REASONS FOR THE DECISION

The Board agreed with both parties that the original assessment had not considered the fact that 80% of the floor of the subject property was packed earth and not covered in concrete.

The Board was persuaded by the three sales common to both the Complainant and the Respondent. The three common sales produced an average of \$165.98 per square foot and a median of \$167.60 per square foot, which supports the assessment.

The Board notes the Complainant's five sales comparables showed an average sale price of \$150.35 per square foot compared to the new revised assessment of \$158.61 per square foot. Although the difference is about 5%, the Board relied more on the three common sales with both parties.

The Board was persuaded by the Respondent's equity comparables that showed a median assessment per square foot of \$169.28, which supports the revised 2011 assessment of \$158.61 per square foot.

The Board notes the Complainant's equity comparables showed an average assessment of \$160.20 per square foot and a median assessment of \$158.15 per square foot, both which support the revised 2011 assessment of \$158.51 per square foot.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 30th 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: TAZ HOLDINGS LTD