

NOTICE OF DECISION NO. 0098 69/12

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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 June 26, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1560770	17404 102 AVENUE NW	Plan: 7722579 Block: 4 Lot: 4	\$1,158,000	Annual New	2012

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

Edmonton Composite Assessment Review Board

Citation: Taz Holdings ltd v The City of Edmonton, ECARB 2012-000425

Assessment Roll Number: 1560770

Municipal Address: 17404 102 AVENUE NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

**Taz Holdings ltd
Represented by Michael Uhryn, MNP LLP**

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Don Marchand, Presiding Officer

George Zaharia, Board Member

Howard Worrell, Board Member

Preliminary Matters

[1] At the onset of the hearings the parties were sworn in and no objection was raised as to the composition of the CARB to hear and decide the complaint. In addition, the Board members indicated no bias with respect to this file. No preliminary matters were raised by the Parties.

[2] The CARB was advised by the Complainant that only items **iii** and **iv** within the grounds of complaint (C1, pg 15) were being argued.

Background

[3] The subject property is a small warehouse of 2,832 square feet built in 1998, zoned IB and is located at 17404- 102 Avenue NW in the Stone Industrial area in northwest Edmonton. The warehouse sits on a site of 1.740 acres or 75,780 square feet with site coverage of 3.7%.

[4] The subject property has been assessed using the replacement cost approach to value for the warehouse component and the direct sales approach for the land component. This resulted in an assessment of the warehouse at \$128,894 and of the land at \$1,029,365 for a total 2012 assessment of \$1,158,000.

Issue(s)

[5] Is the subject's warehouse properly assessed by the replacement cost approach or the income approach?

[6] Is the residual land value correct?

Legislation

[7] The Municipal Government Act reads:

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.
- c) the assessments of similar property or businesses in the same municipality.

[8] The CARB gave consideration to the meaning of market value and to the requirements of an assessment made pursuant its market value.

s 1(1) in this Act,

n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

s 289(2) Each assessment must reflect

- a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and
- b) the valuation and other standards set out in the regulations for that property.

[9] The valuation standard as set out within

Matters Relating to Assessment and Taxation Regulation (AR 220/2004)

s 2 An assessment of property based on market value

- a) must be prepared using mass appraisal,
- b) must be an estimate of the value of the fee simple estate in the property, and
- c) must reflect typical market conditions for properties similar to that property.

Position Of The Complainant

[10] The Complainant provided a 68-page brief (C-1) in which he stated that the objective of the hearing was to show an alternative approach to value for the warehouse portion of the subject property. Applying an income approach to the warehouse portion and a direct sales approach for the residual land would create a fair and equitable 2012 assessment.

[11] A table from third party sources (C-1, pg 37) showed average asking net rental lease rates for the second quarter of 2011, for buildings less than 5,000 square feet in the northwest area, where the subject property is located, to be at \$9.31 per square foot.

[12] In support of these third party rental net rental lease rates, the Complainant submitted eight rental rate comparables (C-1, pg 34) showing rental rates with start dates from November 2009 to January 2011. These rental rates ranged from \$8.00 to \$13.00 per square foot with an average of \$10.73 per square foot and a median of \$10.75 per square foot. The position of the Complainant is that a rental rate of \$14.00 per square foot should be applied for the warehouse portion of the subject property.

[13] By applying the \$14.00 rental rate to the 2,832 square feet of warehouse space a value of \$458,306 would be established (C1, pg 20).

[14] The Complainant provided three land sales comparables (C1, pg 38) from January 2010 to October 2010. These land sales all in the northwest area as is the subject showed a range of sale prices from \$244,094 to \$544,201 per acre with a median price per acre of \$503,000. The residual land after allocation of land to the warehouse portion would be .87 acres. This would equate to a value of the residual or oversized portion of the subject property at \$435,000.

[15] By adding the warehouse value to the residual land value, a total value is established at \$893,000. The Complainant asks that the 2012 assessment be reduced from \$1,158,000 to \$893,000.

Position Of The Respondent

[16] The Respondent provided the Board with an evidence package of 35 pages (R-1) and a 44 page (R2) Law and Legislation Brief. The position of the Respondent was that the cost approach for the warehouse and land sales provided in the evidence package supported the assessment of the subject property.

[17] The Respondent commented that all auto dealerships in the City of Edmonton are assessed on the cost approach as they are usually owner occupied. The warehouse on the subject property is a cold storage utility warehouse and of limited value.

[18] The Respondent provided a land sales analysis (R1, pg 28) of five land sales comparables located in the same area as the subject, all with similar IB-IM zoning and lots sizes ranging from 1.34 to 1.997 acres. The comparable land sales occurred from May 2007 to July 2010 for a time adjusted average price of 619,844 per acre or \$14.23 per square foot. This supports the land value of \$1,029,365 or \$13.58 per square foot in the 2012 assessment.

[19] The Respondent raised concern with the Complainant's rental rate comparable chart (C-1, pg 42) as it did not indicate an age of the comparable properties, the comparable properties were scattered across the city, and there was no back up information provided to support the chart provided.

[20] The Respondent requested the Board confirm the 2012 assessment of the subject property at \$1,158,000.

Decision

[21] The decision of the Board is to confirm the 2012 assessment of the subject property at \$1,158,000.

Reasons For The Decision

[22] The Board placed little weight on the Complainant's approach to an alternative method for the 2012 assessment for the following reasons:

- i. The subject warehouse is an unheated utility building of limited value.
- ii. The land carries the majority of value.

[23] The Board placed little weight on the Complainant's comparables provided to support a rental income approach for the following reasons:

- i. The rental rate comparables were from scattered locations in the city showing no degree of similarity to the subject's location.
- ii. Back-up details were not provided to support the rental rates.

[24] The Board placed more weight on the Respondent's cost approach to value of the warehouse portion of the 2012 assessment since it added minimal value to the subject property.

[25] The Board placed greatest weight on the Respondent's land sales analysis of the five comparables for the following reasons:

- i. All are located in same area of the subject.
- ii. These five land sales are time-adjusted to an average of \$619,844 per acre or \$14.23 per square foot. This supports the \$591,589 per acre or \$13.58 per square foot assessed land rate of the subject property for the 2012 assessment.

[26] The Board is persuaded that the 2012 assessment of the subject property at \$1,158,000 is fair and equitable.

Dated this 18th day of July, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Michael Uhryn, MNP LLP
for the Complainant

Blaire Rustulka, Assessor
for the Respondent