



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 70/11

Cushman & Wakefield
1730 - 111 5 Avenue SW
Calgary, AB T2P 3Y6

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 13, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1119791	22703 112 Avenue NW	Plan: 8021483 Block: 3 Lot: 22	\$1,626,000	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
Judy Shewchuk, Board Member
Ron Funnell, Board Member

Board Officer: Nicole Hartman

Persons Appearing on behalf of Complainant:

Jan Goresht, Cushman & Wakefield

Persons Appearing on behalf of Respondent:

Marty Carpentier, City of Edmonton, Assessor

PRELIMINARY MATTERS

There were no preliminary matters. 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

The subject property is a 7,000 square foot building on a 2.926 acre piece of property in the Winterburn Industrial area. The site coverage is 5%.

ISSUE(S)

Is the assessment of the subject property equitable?

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

At the outset of the hearing the Complainant indicated that they would be contesting the assessment of the subject property on the basis of equity only.

The Complainant presented evidence (Exhibit C-1) of four equity comparables located on 112 Avenue, between 225 Street and 228 Street, in close proximity to each other.

Two of the comparables are vacant parcels of 2.965 acres (comp. #1) and 1.595 (comp. #2) acres with assessments of \$250,253 and \$267,712 per acre respectively. The Complainant applied the value of \$250,253 per acre to the subject to arrive at a land value of \$732,240.

The other two comparables are 2.926 (comp. #3) and 2.978 acres (comp. #4) in size with buildings of 13,000 and 27,800 square feet, respectively. The Complainant applied the value of \$250,253 per acre to the land portions of these properties as well as to the subject property. The Complainant then subtracted the calculated land values from the assessments to arrive at values for the buildings (\$893,760 for the subject building, \$1,180,260 for comp. #3, and \$2,476,247 for comp. #4). The calculations resulted in the subject building being assessed at \$127.68 per square foot while the comparable buildings are assessed at \$90.79 (comp. #1) and \$89.07 (comp. #2) per square foot.

The Complainant requested that the subject building assessment be calculated at a rate of \$90.79 per square foot for a total of \$635,525. When added to the calculated land value, the total assessment requested is \$1,367,765.

In addition to the equity comparables, the Complainant also submitted a table of four sales comparables (Exhibit C-2) taken from the Alberta Data Search to illustrate that the 2011 assessment of equity comparable #4 is \$3,221,500 (Exhibit C-1, page 5), while it sold on February 27, 2009 for \$5,200,000. The assessment is 38% less than the selling price and highlights errors in assessments.

POSITION OF THE RESPONDENT

The Respondent submitted evidence in the form of an Assessment Brief (Exhibit R-1) and explained the City of Edmonton's methodology in assessing industrial properties. In Exhibit R-1, page 8 it was pointed out that "*The most common unit of comparison for industrial properties is value per square foot of building area.*" and that "... *it is imperative that the site coverage be a key factor in the comparison.*" The Respondent further stated that the model has been audited and meets regulations.

The Respondent's five sales comparables (Exhibit R-1, page 19) reflect site coverage ranging from 5 to 12 percent while the subject's site coverage is 5%. The time-adjusted sale prices range from \$252.16 to \$390.43 per square foot of main floor area, with an average of \$296 per square foot. The assessment of the subject is \$232.29 per square foot.

In response to the Complainant's allegation that the City of Edmonton makes errors in arriving at assessed values, the Respondent pointed out (Exhibit R-1, page 19) that the Network shows an incorrect sale price of \$1,350,000 and that this is actually a sale price for a different transfer. Further to this observation, the Respondent submitted that the purchaser's sales questionnaire confirms a \$1,450,000 value for this transfer.

The Respondent also submitted a chart of five equity comparables (Exhibit R-1, page 25) with site coverage of 5% to 8%. These equity comparables have assessments ranging from \$241.93 to \$282.33 per square foot of total area with an average of \$259.74 per square foot, supporting the subject property assessment of \$232.29 per square foot.

DECISION

It is the decision of the Board to confirm the assessment of the subject property for 2011 at \$1,626,000.

REASONS FOR THE DECISION

1. The Respondent's equity comparables (Exhibit R-1, page 25) support the assessment of the subject property for 2011.
2. The Respondent's sales comparables (Exhibit R-1, page 19) also support the assessment.
3. Further to the above, the Complainant's sales comparables (Exhibit C-2) do not provide sufficient information such as site coverage data to convince the Board that the sales comparables do not support the assessment.

4. Finally, the Board places little weight upon the equity comparables presented by the Complainant (Exhibit C-1, page 6) in that two of these comparables reflect land value only while the remaining two equity comparables do not provide sufficient data through which the Board might be able to make a valid judgment.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 26th day of July, 2011, at the City of Edmonton, in the Province of Alberta.

Steven Kashuba, 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, R.S.A. 2000, c.M-26.

cc: 733557 Alberta Ltd