



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 702/11

Altus Group Ltd
17327 - 106A Avenue NW
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 19, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8633653	9220 58 Avenue NW	Plan: 3800KS Block: 6 Lot: 11	\$1,637,000	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
Mary Sheldon, Board Member
Ron Funnell, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Susen Douglass, 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 is a medium warehouse built in 1971 and located in the Coronet Industrial subdivision of the City of Edmonton. The site coverage is 27% and the building area is 9,612 square feet, all located on the main floor. There are two buildings located on the site. The 2011 assessment of the subject is \$1,637,000.

ISSUE(S)

3. The Complainant had attached a list of issues to the complaint form. However, at the time of the hearing, the majority of the issues had been abandoned and the only issues before the Board were the following:
 - 3.1 Is the current assessment of the subject property fair and equitable when compared with the sales of similar properties?
 - 3.2 Is the current assessment of the subject property fair and equitable when compared with the assessments of similar properties?

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. In support of their position that the available market data indicated that the assessment of the subject was not correct, the Complainant provided to the Board with a chart of five sales of comparable properties (Exhibit C-1, page 8). It is their position that these comparables exhibit characteristics similar to the subject in terms of age, size, location and site coverage. The Complainant pointed out that their sales comparable #3 had two buildings on site, similar to the subject.
5. The time adjusted sale price per square foot of main floor area of these comparables ranged from \$73.88 to \$199.77. Based on that range, the Complainant argued that a price per square foot of \$140 for the subject would be fair and that the current assessment per square foot for the subject at \$170.31 was excessive. This would translate into a current assessment for the subject of \$1,345,500 based on this market data.
6. In support of their position that the assessments of comparable properties demonstrated that the current assessment of the subject is inequitable, the Complainant provided a chart of nine equity comparables for the consideration of the Board (Exhibit C-1, page 9). The range of assessments for these properties is from \$130.02 to \$162.25 per square foot for main floor area. The Complainant submitted to the Board that this evidence showed that an assessment of \$145 per square foot for the subject would be equitable and that the subject's current assessment at \$170.31 per square foot was excessive. This would translate into an assessment for the subject of \$1,393,500.
7. The Complainant submitted to the Board that the method used by the City of Edmonton for assessing properties with multiple buildings on site is flawed and that a purchaser considering a purchase of a site would evaluate the site as a whole and not assign a value to each building. They indicated that the City of Edmonton assigned a value for each building on a multi-building site and that this inflated the assessment. In support of this argument, the Complainant presented a rebuttal package (Exhibit C-2) which, they indicated, contained examples of assessments of sites containing multiple buildings located on a single titled parcel as being higher than assessments of comparable sites containing only one building.
8. The Complainant requested that the Board reduce the current assessment of the subject to \$1,345,500 based on the market date evidence provided.

POSITION OF THE RESPONDENT

9. In support of its position that the assessment of the subject is fair and equitable based on market data, the Respondent provided a chart of five sales of comparable properties (Exhibit R-1, page 18). The time adjusted sale price per square foot of main floor area ranged from \$157.99 to \$199.77. The Respondent argued that these properties are similar to the subject in terms of age, size site coverage, location and that this evidence supports the assessment of the subject at \$170.30 per square foot.

10. In support of its position that the assessment of the subject was fair and equitable based on the assessments of similar properties, the Respondent provided a chart of the assessments of seven comparable properties (Exhibit R-1, page 19.) In this regard the Board notes that the subject property is comparable #5. The assessments per square foot of these comparables ranges from \$158.16 to \$183.47 per square foot. The Respondent argued that this supports the assessment of the subject at \$170.30 per square foot.
11. The Respondent requested that the Board confirm the current assessment of the subject at \$1,637,000.

DECISION

12. It is the decision of the Board to reduce the assessment of the subject property for 2011 from \$1,637,000 to \$1,393,500.

REASONS FOR THE DECISION

13. The Board accepts the Complainant's argument that this multi-building industrial warehouse property should be assessed in accordance with its market value as one property under one Assessment Roll and compared with other developments of similar size and which appear on a single assessment roll. The Complainant argued further that the model used by the City of Edmonton in calculating the value of multi-building parcels on a single assessment roll resulted in an inflated value.
14. The Board recognizes that multiple buildings on a site on one assessment roll might have vast differences in size and condition. However, in the opinion of the Board, it should be recognized that if the multi-building parcel is one title, a purchaser would look to a value of the parcel as a whole and thus the value should reflect the market value of similar properties.
15. The Board turned firstly to the sales evidence from both parties in order to determine if the current assessment of the subject was correct given data from the market. With respect to the evidence provided by the Complainant, the Board found a number of flaws which made the comparables provided by the Complainant of little assistance to the Board in determining a value for the subject. Specifically, comparable #1 is a post facto sale.

16. As well, for a reason that the Complainant could not explain, that comparable sold for half the rate per square foot as the other comparables did. Sales comparable #3 is a sale leaseback situation which would have an effect on the purchase price. With respect to sales comparable #4, questioning revealed a discrepancy in size and unit price between the particulars provided by the Complainant and the information provided by the Network supporting documents. There is a cold storage Quonset hut on this site. There is no evidence as to the quality of this second building. These factors make it difficult to determine what weight to put on this sale. Sales comparable #5 possessed some significant upper office space which would be valued differently than main floor space, depending on quality and finish. The remaining comparable #2 had a time adjusted sale per square foot of main floor space of \$157.98, higher than the amount requested by the Complainant.
17. The sales evidence presented by the Respondent also possessed flaws. The Respondent's sales comparable #1 is the Complainant's sales comparable #2 and the Respondent's sales comparable #5 is the Complainant's sales comparable #5. All of the Respondent's sales comparables have time adjusted sales prices per square foot of main floor space lower than the assessment per square foot of the subject except #4 and #5. With respect to sales comparable #4, the Board notes that sales comparable #4 has one size of building area given in the sales chart but was given another size when it was presented as an equity comparable by the Respondent. This makes it of less assistance in determining value for the subject. The Board also notes that sales comparables #3 presented by the Respondent is on a major roadway which is an attribute superior to that possessed by the subject. However, even with this superior attribute, that comparable is assessed at a rate lower than is the subject.
18. The Board then turned to evaluating the equity comparables presented by the parties. The Board inspected the equity comparables presented by the Complainant and found them to be helpful. In particular, equity comparable #3 is adjacent to the subject and has two buildings on site. It is similar to the subject in terms of age site coverage and size. Equity comparables #4 and #5 are similar to the subject and are assessed at \$138.05 and \$143.92 per square foot respectively.
19. With respect to the equity evidence presented by the Respondent, the Board notes that three comparables are used by both parties. The Respondent's equity comparables 1, 3 and 4 are common with the Complainant's equity comparables, 3, 8 and 9. The Board notes further that virtually all of the assessments per square feet of total area of the Respondent's comparables are lower than that of the subject. The exception is equity comparable #7 of the Respondent. However, this comparable is the same as the Respondent's sales comparable #4 which, as demonstrated above, shows a discrepancy in size which made it of little assistance in determining value for the subject.

20. Taking into account all the evidence presented, the Board is of the opinion that the equity comparables presented by the Complainant are of the most assistance in determining a fair and equitable assessment value for the subject. The Board accepts the submission of the Complainant that its chart of equity comparables shows that an assessment of \$145 per square foot for the subject is fair. Accordingly, the decision of the Board is to reduce the current assessment of the subject to \$1,393,500

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 31st day of January, 2012, 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, RSA 2000, c M-26.

cc: IND COM HOLDINGS LTD