



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 720/11

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 17, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8990830	3620 - 93 Street NW	Plan: 984AY Block: 19	\$5,141,000	Annual New	2011

#### Before:

Steven Kashuba, Presiding Officer  
Judy Shewchuk, 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:

Mary-Alice Nagy, Assessor, City of Edmonton  
Stephen Leroux, Assessor, City of Edmonton

## **PRELIMINARY MATTERS**

1. At the request of the Respondent, the witnesses were administered oaths or affirmations.
2. 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.
3. The Respondent lodged an objection to the Complainant's submission of a Rebuttal Disclosure document (Exhibit C-2, 27 pages) which, in their opinion, contained information which could be deemed as "*new evidence*." The Board considered the objection of the Respondent and ruled as follows: Pages 1, 8, 24, 25, 26, and 27 are admissible as rebuttal evidence while the other pages should be disregarded by the Board because the evidence contained on those pages is either referenced to another Roll Number, is new evidence, or is completely irrelevant to the Complaint at hand. Further to this, it is the decision of the Board to disallow any reference or any questions which would go to any pages in Exhibit C-2 other than pages 1, 8, 24, 25, 26, and 27.

## **BACKGROUND**

4. The subject property, located in the Strathcona Industrial Park and Zoned IB, consists of two warehouses built in 1976, and two smaller structures each of which has minimal value. Building #1 has 26,615 square feet and building #2 has 8,230 square feet for a total of 34,846 square feet of floor space. The property is in the southeast quadrant of the city. The site coverage is 18% on a lot of 4.75 acres or 206,882 square feet. The current assessment is \$5,141,000.

## **ISSUE(S)**

5. Is the current assessment correct based upon sales comparables?

## **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**

6. During the process of addressing the merits of the complaint, the Complainant submitted that they had erred in presenting evidence on page 8 of Exhibit C-1. The error occurred in the presentation of the leasable area of the two subject buildings (being mindful that buildings #3, and 4 added only minimal value as agreed by both parties and only factored minimally in the determination of assessment) which reflect areas of 26,616 for building #1, and 8,230 square feet for building #2, for a total leasable area of 34,846 square feet (a total area which is consistent with the submission on the part of the Respondent as is presented on page 17 of Exhibit R-1).
7. The Complainant presented six sales comparables (Exhibit C-1, page 8) with time-adjusted sale prices ranging from \$71.19 to \$249.39 per square foot and an average of \$134.87 per square foot for the total leasable area. Based on the sales comparables, the Complainant submitted that the assessment of the subject property should be reduced to \$121.00 per square foot for a total of \$4,617,500.
8. The Complainant submitted a rebuttal document (Exhibit C-2) to which the Respondent objected as this, in their opinion, constituted new evidence. The Board, upon deliberation, ruled that pages 1, 8, 24, 25, 26, and 27 are admissible as rebuttal evidence.
9. Further to the sales comparables and by way of rebuttal, the Complainant argued that, based on the Respondent's equity comparables which are also presented in Exhibit C-2, page 26, the assessment of the subject should be reduced to \$4,634,170. This figure was arrived at by applying a value of \$120.00 per square foot to building #1 and a value of \$175.00 to building #2 and then adding the two figures together for a total of \$4,623,170. (However, the Board, at this point, is aware that equity was not at issue with the Complainant as noted in *Issues*, above.)
10. Additionally, the Complainant argued that multi building properties should be valued by the same method as are single building properties, provided that the total square footages are comparable. The Complainant pointed out that the Respondent assesses buildings which differ in size by applying different rates per square foot through which an assessment value is derived through the use of an *assessment model*. In the opinion of the Complainant, the City's use of this *assessment model* is flawed and results in an inflated assessment value.
11. In support of their position, the Complaint presented three CARB decisions (Exhibit C-1, pages 31 – 49).

## **POSITION OF THE RESPONDENT**

12. The Respondent presented four sales comparable similar to building #1 and four sales comparable similar to building #2 (Exhibit R-1, page 17). The time adjusted sale prices for the comparables similar to building #1 ranged from \$124.00 to \$163.27 per square foot for the total areas of the buildings. The time adjusted sale prices for the comparables similar to building #2 ranged from \$157.99 to \$196.20 per square foot for the total areas of the buildings. The Respondent submitted that the assessment of \$147.53 per square foot falls within the range of these time adjusted sale prices.

13. The Respondent also presented five equity comparables similar to building #1 and five equity comparables similar to building #2 (Exhibit R-1, page 26). The assessments for the comparables similar to building #1 ranged from \$116.81 to \$134.79 per square foot for the total areas of the buildings. The assessments for the comparables similar to building #2 ranged from \$159.70 to \$184.08 per square foot. The Respondent submitted that the equity comparables support the assessment of the subject at \$147.53 per square foot and asked that the Board confirm the 2011 assessment at \$5,141,000.
14. The Respondent argued that the Complainant's sales comparables consisted of three one-building properties and three two-building properties and were therefore of limited value as comparables.

## **DECISION**

15. **It is the decision of the Board to reduce the assessment of the subject property for 2011 from \$5,141,000 to \$4,700,000.**

## **REASONS FOR THE DECISION**

16. The Board places considerable weight upon the Complainant's six sales comparables, which, on average reflect a value of \$134.87 per square foot, while the subject is assessed at \$147.53 per square foot. (It should be noted that the Complainant, in their Exhibit C-1, page 8, based their calculation incorrectly on square footage of 38,165 and not the correct square footage of 34,846. See paragraph number 7, above for an explanation).
17. The Board notes that the Complainant's sales comparables exhibit similarities to that of the subject property in terms of total leasable floor area, effective year of construction, and site coverage.
18. As for the sales comparables presented by the Respondent, the Board notes that the eight comparables were presented in two groupings (Exhibit R-1, page 17), which reflect an average of \$142.18 for the 1<sup>st</sup> grouping of larger buildings similar to the area of subject building #1, and \$174.95 per square foot for smaller buildings similar to that of building #2 in the subject property.
19. The Board places little weight upon these sales comparables in that they do not reflect the gross leasable area of the subject property.
20. In addition to the sales comparables, the Respondent presented 10 equity comparables (Exhibit R-1, page 26), which are once again presented in 2 groupings so as to reflect the areas of the two subject buildings. However, since equity is not at issue, the weight placed upon these equity comparables by the Board is minimal.
21. In reaching its decision, the Board takes into consideration the two divergent methodologies used by the two parties in defending their respective positions.

22. The Board is of the view that a potential buyer looks at the value of all the buildings on one Roll Number through which a market value is determined. In this case, the Board accepts the Complainant's argument that the assessment of this property should reflect this principle.
23. In conclusion, the Board applies a value of \$134.87 to a total leasable building area of 34,846 square feet to arrive at a correct assessment value of \$4,699,680 rounded to \$4,700,000.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 2nd day of February, 2012, at the City of Edmonton, in the Province of Alberta.

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Steven Kashuba, Presiding Officer

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*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.*

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cc: DRECO ENERGY SERVICES LTD.