



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 730/11

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 16, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8976623	9523 41 Avenue NW	Plan: 7721479 Block: 16 Lot: 3 / 2	\$9,949,500	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
Cameron Ashmore, Barrister & Solicitor, 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.
2. Both parties requested that all evidence be received under oath or by affirmation.
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 raised by the Respondent and ruled as follows: Pages 1, 8, 15, 16, 17, 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, 15, 16, 17, and 27.

BACKGROUND

4. The subject property, consisting of 4 buildings, is a medium warehouse with a building area of 108,123 square feet of which 100,624 square feet is the main floor area. The effective year built is 1980, the site coverage is 38%, and the land size is 266,299 square feet. Located in the Strathcona Industrial Park subdivision which is zoned as IB, the municipal address is 9523 – 41 Avenue. The industrial warehouse consists of 4 buildings, all of which are in average condition. The current assessment is \$9,949,500.

ISSUE(S)

5. The Complainant had attached a schedule of issues to the Complaint Form; however, at the hearing all issues were abandoned except for the following:
 - 5.1 Is the assessment of the subject property fair and equitable when considering the sales of comparable properties, and
 - 5.2 Is the assessment of the subject property fair and equitable when considering 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

6. The Complainant is of the opinion that sales comparables presented in their submission indicate an assessment value of \$7,244,500 and equity comparables a value of \$8,854,500 in contrast to the assessment of \$9,949,500 for 2011.
7. The Complainant's 5 sales comparables, presented in Exhibit C-1, page 9 reflect an average per square foot value of \$79.71, whereas the assessment value is \$98.88 per square foot. As a result, it is the Complainant's conclusion that a value of \$72.00 per square foot should be applied.
8. The Complainant submitted that the sales values were time-adjusted to the valuation date of July 1, 2010, and were similar in terms of year of construction, site area, and site coverage. As for the gross building area, the Complainant noted that the subject property had an area of 108,124 square feet while the comparables ranged in gross building area from 68,813 to 89,784 square feet.
9. In comparing the number of structures in the sales comparables in contrast to the 4 buildings on the subject property, the Complainant submitted that 2 of the 5 sales comparables had 2 buildings on title, while 3 of them had one building on them. Having regard for the location of these comparables, zoning, and variables as presented in Exhibit C-1, page 9, the Complainant concluded that these support their request for a reduction in the assessment amount.
10. In the submission of the Complainant, the fact that only 2 of the 5 sales comparables occurred in the same quadrant of the City, does not diminish the value of taking sales comparables somewhat removed in terms of distance from the subject property if sales closer to the subject property are not available. This is particularly true in this case where sales of comparable industrial warehouses near the subject property were not available.
11. In addressing the issue of equity comparables, the Complainant presented 6 equity comparables (Exhibit C-1, page 10). These, according to the Complainant, are similar in year of construction, site area, site coverage, gross building area, and leasable space. The assessments per square foot range from \$74.29 to \$95.24 while the subject is assessed at \$98.88 per square foot. From these comparables the Complainant submitted that an equitable assessment per square foot should be \$88.00.
12. Having regard for the sales and equity comparables, the Complainant requested that the assessment be reduced to \$7,244,500.
13. In support of a request to reduce the assessment, the Complainant presented three CARB decisions (Exhibit C-1, pages 44 – 62) and quoted ARB 0540/2010-P, page 46:

“While the Board agrees that buildings on multiple building parcels must be analyzed separately due to often great discrepancies in size, age and condition, an adjustment must be made to recognize that the buildings are on a single file. In the absence of such an analysis, the Board looked to the aggregate selling price of the most similar comparable to determine what an appropriate value might be.”

POSITION OF THE RESPONDENT

14. The Respondent submitted that the subject has four separate buildings with sizes of 11,025, 28,000, 30,800, and 30,800 square feet. Since the subject has poor access, it has already been given an overall adjustment of -10% in its current assessment value.
15. In support of the current assessment, the Respondent presented 7 sales comparables (Exhibit R-1, page 17), one of which was selected in common with those selected by the Complainant (Exhibit C-1, page 9). These sales comparables are presented in a manner as to reflect the size and effective year built of the two structures on the subject property.
16. The first 3 sales comparables are presented to reflect the characteristics of Building #1 which has a gross building area of 11,025 square feet and a year built of 1980 (Exhibit R-1, page 17). Sales comparables 4, 5, and 6 are similar in size to Buildings #2, #3, and #4 with gross building areas of 28,000 and 30,800 square feet respectively and an effective year built of 1980. It is their submission that these 2 groupings of sales comparables to reflect the gross building areas of the 4 buildings on the subject property and do support the current assessment of \$98.88 per square foot. Each one of the sales comparables reflects a value per square foot in excess of the assessment amount per square foot of the subject property.
17. The Respondent stressed that sales comparable #7 (Exhibit R-1, page 17) was selected in common by both parties wherein the adjusted sales price is \$113.34 per square foot for total building area. This amount fully supports the assessment of the subject property of \$98.88 per square foot.
18. It is the submission of the Respondent that these sales comparables reflect characteristics similar to that of the size of *each* of the 4 buildings on the subject property in terms of lot size, effective year built, condition, and total building area. Additionally, the Respondent pointed out that all 7 sales comparables are located in the same quadrant of the City as is the subject property.
19. In response to a question of the Board, it is the Respondent's submission that each of the 4 buildings on the subject property are valued in comparison to similar-sized buildings which exhibit similar characteristics in terms of effective year built, condition, main floor area, and total building area. Additionally, the Respondent submitted that the "*model*" utilized by the City of Edmonton does not add the value of each of the 4 buildings to arrive at an assessment amount but rather that the City's assessment "*model*" takes into consideration a number of important variables, and subjects these to a computer analysis through which an assessment amount is derived.
20. As regards the sales comparables, it is the conclusion of the Respondent that 2 important elements are recognized—that being that the subject property consists of 4 buildings, and that each building should be valued separately to arrive at a final assessment value.
21. In addressing the question of equity, the Respondent presented 10 equity comparables (Exhibit R-1, page 26). Four of these were selected as equity comparables for Building #1 in the subject property, while 6 were selected as equity comparables for Buildings #2, #3, and #4 in the subject property. Within the 1st grouping of 4 equity comparables, the

assessment per square foot ranges from \$117.43 to \$125.54 per square foot while the subject property is assessed at \$98.88 per square foot.

22. The second grouping of 6 equity comparables (Exhibit R-1, page 26), the Respondent submitted that these are specifically selected to reflect characteristics similar to that of Buildings #2, #3, and #4 and reflect a range of \$94.55 to \$99.88 per square foot, once again supporting the assessment value of \$98.88 per square foot.

DECISION

23. **It is the decision of the Board to confirm the assessment of the subject property for 2011 at \$9,949,500.**

REASONS FOR THE DECISION

24. The Board accepts the Complainant's argument that the subject property should be viewed as a whole and compared with other properties of similar size which appear on a single assessment roll. The Board also places considerable weight upon the Complainant's argument that the "*model*" used by the City of Edmonton in calculating the value of multi-building parcels on a single assessment roll *may* result in an inflated value. Further, the Board recognizes that multiple buildings on a site on one assessment roll might have vast differences in size and condition and that if the multi-building parcel is on one title, a purchaser would look to a value of the parcel in its entirety.
25. However, despite the Board's persuasion as to the Complainant's argument regarding the treatment of the 4 buildings on the subject property in their entirety on one assessment roll number, the sales and equity comparables presented by the Complainant failed to convince the Board that a reduction in the assessment amount is justified. In addition, the Board notes that the subject property already received an overall adjustment of -10% for the poor access to the property.
26. In accepting the Complainant's argument that sales of similar properties should reflect a similarity in gross building area, the Board must then accept that the sales comparables presented by the Complainant would reflect this one significant variable. That appears not to be the case with the sales comparables presented by the Complainant. The gross building areas of the comparables are considerably less than is the total gross building area of the 4 buildings on the subject property. As a result, little weight is placed upon the 5 sales comparables presented by the Complainant, even though such variables as effective year built and site coverage are similar to the subject.
27. Notwithstanding the above, the Board *is* persuaded by the Complainant's sales comparable #5, Exhibit C-1, page 9 which has 2 buildings, and which reflects a time-adjusted sales value of \$112.80 per square foot. This sales comparable was also selected by the Respondent, Exhibit R-1, page 17, and shows a time-adjusted sales value of \$113.34 per square foot. These two particular sales values per square foot when compared to the sale of the same property do support the assessment value of \$98.88 per square foot.

28. In addition, the Board notes that 3 of the sales comparables presented occurred in a quadrant of the City far removed from the location of the subject property, thereby bringing into question their comparability (Sales #2, #3, and #4, Exhibit C-1, page 9).
29. The Board places considerable weight upon the sales comparables presented by the Respondent (Exhibit R-1, page 17), even though these are presented in 2 groupings to reflect the size of 1 Complainant's building in the *first group*, and the size of the other 3 subject buildings in the *second grouping*. The sales occurred in the same quadrant of the City as is the subject property, were constructed in the same time frame as the subject, are of the same condition, and have similar site coverage. The average time-adjusted sales value per square foot in the 1st group is \$144.70 and \$106.90 in the 2nd group. Both values support the assessment of \$98.88 per square foot.
30. Turning to the question of equity comparables, the Board reviewed the 6 equity comparables presented by the Complainant (Exhibit C-1, page 10) and notes that the average assessment is \$86.87 per square foot, while the assessment is \$98.88 per square foot. Although this figure is lower than is the assessment per square foot, the Board places greater weight on sales comparables.
31. The Board is persuaded by the 10 equity comparables presented by the Respondent (Exhibit R-1, page 26), even though these are presented in 2 groupings to reflect the gross building areas of Building #1 of the subject property in the first grouping and of Buildings #2, #3, and #4 in the second grouping (Exhibit R-1, page 26). The average of the assessments in the first grouping is \$121.81 and \$96.40 in the second grouping. These values, despite the fact that they are not taken from properties that would reflect the gross building area of the 4 structures on the subject property of 100,635 square feet, do support the assessment.
32. It is for these reasons that the Board confirms the assessment of the subject property for 2011 at \$9,949,500.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 1st day of February, 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: NO 352 Cathedral Ventures Ltd.