



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION 0098 736/11

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 18, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9541103	4303 - 76 Avenue NW	Plan: 143HW Lot: D	\$4,832,000	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:

Bonnie Lantz, Assessor, City of Edmonton
Mary-Alice Nagy, Assessor, City of Edmonton
Michael Johnson, 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.
2. At the outset of the hearing the Respondent told the Board that they had a recommendation on file (Exhibit R-1, cover page) to reduce the assessment of the subject property from \$4,832,000 to \$4,622,500. Upon questioning from the Board, the Respondent submitted that this recommended reduction stemmed from the decision to grant a 10% reduction based upon limited access to the rear building on the property. The Complainant rejected this recommendation, saying that the reduction was not sufficient and that it was their wish to proceed to the merits of the complaint.
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, 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, and 27.
4. Mary-Alice Nagy, Assessor, City of Edmonton, left the hearing room at a point in the hearing when questions were being raised of the Respondent. When the hearing resumed in the afternoon, Ms. Nagy was replaced by Bonnie Lantz, Assessor, City of Edmonton, for the remainder of the hearing. Upon the request of the Complainant and agreement from the Board, Ms. Lantz would not provide any evidence or respond to any questions of the Board or the Complainant for any evidence submitted earlier when she was not in attendance. However, it was also agreed that Michael Johnson, Assessor, City of Edmonton, who was in attendance earlier, would be allowed to provide further evidence or respond to questions.

BACKGROUND

5. The subject property, located at 4303 – 76 Avenue NW, consists of two warehouses built in 1974 with building areas of 17,540 and 18,085 square feet for a total of 35,625 square feet, land size of 130,570 square feet, site coverage of 27%, and a current assessment of \$4,832,000.

ISSUE(S)

6. The Complainant had attached a schedule of issues to the complaint form. However, at the time of the hearing, the majority of those issues had been abandoned and the only issues remaining to be decided by the Board were the following:
 - 6.1. Is the assessment of the subject property fair and equitable when considering the sales of comparable properties?

- 6.2. Is the assessment of the subject property fair and equitable when considering the assessments of comparable 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

7. In a review of current market transactions, the Complainant is of the opinion that the assessment of the property should be set at \$4,275,000. In addition, a review of the assessment of similar properties would indicate that the assessment should be set at \$3,918,500. By applying a value of \$110 per square foot of total building area, a requested value of \$3,918,500 is derived.
8. In support of their position, the Complainant presented 8 sales comparisons (Exhibit C-1, page 8) which, on average, reflect a time-adjusted sales value of \$119.08 while the subject is assessed at \$135.64. The subject property has 2 buildings on it and 2 of the sales comparables have 2 buildings on them, and the remaining 6 have one building on their properties. Other variables such as location in the southeast quadrant of the City, year built, and site coverage exhibit similarities to that of the subject property.
9. Sales comparables #3, 5, 7, and 8 are similar in terms of gross building area. These 4 sales comparables, on average, have a time-adjusted sales value of \$122.30 per square foot while the subject is assessed at \$135.64 per square foot.
10. The Complainant's 6 equity comparables (Exhibit C-1, page 9) exhibit characteristics similar to those found in the subject property. The average assessment per square foot of these comparables is \$105.22 per square foot - a value considerably less than is the assessment per square foot of the subject property. Comparison #3 had 3 buildings on it, comparison #4 had 2 buildings on it, and the remaining 4 comparables had one building each.
11. In support of a request to reduce the assessment, the Complainant presented three CARB decisions (Exhibit C-1, pages 50 – 68) and quoted ARB 0540/2010-P, page 52:

“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

12. In response to a question of the Board as to the rationale for the Respondent's recommendation to reduce the assessment based upon limited access to the 2nd building within the property, reference was made to Exhibit R-1, page 13, an aerial photo which showed the route of access to the rear of the property. This, in the submission of the Respondent, was worthy of a 10% reduction in the assessment.
13. To support the assessment, the Respondent presented 6 sales comparables (Exhibit R-1, page 19), 3 of which were also selected as sales comparables by the Complainant (Sales #4, #5, and #6 on Page 19 of Exhibit R-1). On average the time-adjusted sales value per square foot is \$135.16 while the assessment is \$135.64 per square foot.
14. Going back to the recommendation for a reduction in the assessment amount, the Respondent pointed out that the assessment would have been \$129.75 per square foot had the Complainant accepted the recommendation.
15. As for the issue of equity, the Respondent presented 4 comparables which reflect, on average, an assessment value of \$121.27 per square foot. As for the element of comparability, the Board notes that each of the comparables has 2 buildings on property, are in average condition, have similar floor areas, and similar site coverage.

DECISION

16. **It is the decision of the Board to reduce the assessment of the subject property for 2011 from \$4,832,000 to \$4,524,500.**

REASONS FOR THE DECISION

17. The Board accepts the submission from the Respondent that the subject property should receive a reduction in its assessment amount by 10% because of the difficulty in accessing the rear of the property. In this regard, it is noted that the Complainant accepted this premise but also submitted that the subject deserves a further reduction by virtue of sales and equity comparables.
18. The Board is persuaded by the 3 sales comparables selected by both parties as shown in Exhibit R-1, page 19. By taking the average of these 3 sales comparables (being \$127 per square foot) and applying that value to the total floor area of 35,625 square feet, one arrives at an assessment value of \$4,524,500.
19. The Board, in arriving at a fair and correct assessment, takes into consideration the Respondent's submission that the assessment should be decreased by 10% in that access to the rear of the property is somewhat constrained.
20. The Board places less weight upon the Complainant's equity comparables because only 2 have multiple buildings on them, thereby decreasing the element of comparability where the subject has 2 buildings on its property. Further to this, comparable #3 which does

have 3 buildings on it, is not located on a major roadway as is the subject property. As well, equity comparable #4 is in fair condition, thereby bringing down its value for comparability.

21. The Board places more weight upon the Respondent's equity comparables because each has 2 buildings on the property, all are in average condition, similar site coverage, but do not have finished upper mezzanine space as opposed to the subject which has 270 square feet of finished upper area.
22. Finally, the Board notes that the Complainant argued that the subject property must be assessed in a manner similar to that of properties which exhibit similar characteristics. In this regard, the Board finds that the Complainant's sales and equity comparables, in the main, had only one building, in contrast to the subject property which has 2 buildings. As a result, much of the impact from the Complainant's sales and equity comparables was lost.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 3rd 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: GPM (11) GP INC