



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 737/11

Altus Group  
17327 106A Avenue  
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 February 2, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10098121	931 Parsons Road SW	Plan: 0728307 Block: 1 Lot: 6	\$9,788,000	Annual New	2011

#### Before:

Tom Robert, Presiding Officer  
Brian Hetherington, Board Member  
Judy Shewchuk, Board Member

**Board Officer:** Segun Kaffo

#### Persons Appearing on behalf of Complainant:

Walid Melhem

#### Persons Appearing on behalf of Respondent:

Alana Hempel  
Chris Rumsey

## **BACKGROUND**

The subject property is a one-storey retail/wholesale building known as Rona Building Supplies. The property consists of a building with 51,460 square feet situated on 339,006 square feet of land. Both parties agree that the subject was 70% complete as of July 1, 2010.

## **ISSUE(S)**

What is the market value of the subject property as of July 1, 2010?

## **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**

The Complainant argued that the subject property should be valued on the basis of the income approach. The Complainant provided seven lease rate comparables ranging in value from \$11.50 to \$12.00 per square foot. The Complainant requested an assessment of \$7,667,224 based on a lease rate of \$11.00 per square foot.

The Complainant further argued that the cost approach to value, used by the assessor, is incorrect.

The land value does not represent market value as of July 1, 2010. The Complainant provided seven direct land sales ranging in value from \$14.51 (corrected) to \$21.11 per square foot, indicating an average of \$16.90 (corrected) and a median of \$15.08 (corrected).

The Complainant further argued that the sale price of the subject property at a time adjusted value of \$14.63 per square foot is the best indicator of value for the subject land value. The Complainant requested \$14.63 per square foot for the land (\$4,959,822) plus the value of the improvements (\$3,434,517) for a total of \$8,394,339. The Complainant did not challenge the value of \$3,434,517 attributable to the improvements based on the cost approach to value.

## **POSITION OF THE RESPONDENT**

The Respondent argued that the subject property, based on its incomplete status of 70%, is best valued on the cost approach to value. The income approach to value relies upon a fully completed property generating an income from established criteria such as rents, vacancy, and capitalization rates.

The Respondent provided an outline of the improvement value generated via the Marshall & Swift cost manual. No details of the calculations were submitted. The value arrived at was \$3,434,517.

Further the Respondent provided ten direct land sales comparables ranging in time adjusted value from \$17.75 to \$32.90 per square foot with an average of \$21.22 and a median of \$19.98 per square foot. The assessed value of \$18.74 per square foot is supported. Five of the direct land sales comparables were situated on corner locations. The Respondent argued that comparable properties within the area of the subject support the 2011 assessment of land.

## **DECISION**

The Board reduced the assessment from \$9,788,000 to \$9,197,500.

## **REASONS FOR THE DECISION**

The Board was persuaded by the incomplete nature of the subject property at 70% that the appropriate method of valuation is the cost approach. In regard to the cost method the Board has determined from analysis of the sales provided by both parties, excluding comparables sales with corner influences, that the land value is \$17.00 per square foot. The Board heard from both the Complainant and Respondent that corner influence is a major factor in the valuation of commercial or industrial land. The subject property does not have a corner advantage. In determining the most comparable sales the Board was further influenced by location, size, zoning, and the time of sale.

The Board, therefore, reduced the land value from \$6,353,881 to \$5,763,000. The building assessment remains at \$3,434,517 resulting in a total assessment of \$9,197,500.

## **DISSENTING OPINION AND REASONS**

Dated this 9<sup>th</sup> day of February, 2012, at the City of Edmonton, in the Province of Alberta.

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Tom Robert, 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: 4246551 CANADA INC