



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 742/11

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 January 27, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3223609	10316 108 Street NW	Plan: B2 Block: 8 Lot: 130 /131/132	\$3,470,000	Annual New	2011

Before:

Robert Mowbrey, Presiding Officer
John Braim, Board Member
Tom Eapen, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

John Trelford, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Tim Dueck, Assessor, City of Edmonton

PRELIMINARY AND PROCEDURAL 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. During the hearing, both the Complainant and the Respondent agreed that the only issue was the market value of the land.

BACKGROUND

3. The subject property is a two storey office building situated on 22,488 square feet of land, located at 10316 - 108 street. The highest and best use of the subject property is its land value plus a nominal amount for the improvements.

ISSUE

4. What is the market value of the subject property?

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

5. The Complainant filed this complaint on the basis that the subject property has been assessed in excess of its market value. In support of this position the Complainant provided the Board with a survey, in chart form, (Exhibit C-1, page 9) comprising 10 sales of parcels of land located between the subject property and the downtown core.
6. The ten parcels exhibited a variety of land use designations but two were UW zoning like the subject. They ranged in size from 7,499 sq ft to 59,967 sq ft with an average of 21,678 sq ft and a median of 18,595 sq ft compared to the subject which has 22,488 sq ft. The properties sold between January 2006 and March 2009 and were all time adjusted to valuation day utilizing the same time adjustment factors as applied by the assessment department.
7. The resulting unit rates from these sales produced a range from \$70.53/ sq ft to \$196.81/ sq ft with an average of \$122.46/ sq ft and a median of \$121.61/ sq ft. There were no adjustments for location and the Complainant advised the Board the highest priced sale

was located more in the financial centre (= *heart of downtown* – see below) than in the vicinity of the subject property which is in the warehouse district. Based on this analysis the Complainant requested that a rate of \$122.00/ sq ft should be applied to the subject property.

8. The Complainant also supplied a rebuttal document (Exhibit C-2) in part to demonstrate that the downtown area of the city had distinct areas that exhibited different unit prices where land is assumed to be vacant. The rebuttal also included three CARB decisions in 2011 one of which (Exhibit C-2, page 19) stated *Sales comparables from both parties indicate lower values in the area west of 105 Street compared to the areas closer to the heart of the downtown.*
9. The essence of the Complainant's argument is that the seven sales located to the west of 105 Street are lower in value and are demonstrated in his report where the range in value is from \$70.53/ sq ft to \$142.05/ sq ft. The Complainant also demonstrated (Exhibit C-1, page 3 – bottom table) that using only the sales from both the Respondent and the Complainant that were located west of 105 Street, the average unit value of the five sales is \$125.56/ sq ft.
10. To further substantiate his argument the Complainant stated (Exhibit C-2, page 2) that the Respondent's only three sales were all located to the east of 105 Street. In addition the Complainant also pointed out that the Respondent's 2nd sale is contaminated land and is not comparable (Exhibit C-2, page 4). Furthermore he also indicated to the Board the Respondent's 3rd sale as being motivated as it constituted part of a land assembly (Exhibit C-2, pages 5-7).
11. In final summary the Complainant requested the Board to reduce the 2011 assessment to \$2,743,493.

POSITION OF THE RESPONDENT

12. The Respondent provided the Board with a sales comparison approach utilizing 3 sales and stated the market value is estimated by comparing the subject property to similar properties that have recently sold, are listed for sale, or are under contract. A major premise of the sales comparison approach is that the market value of a property is directly related to the prices that comparable, competitive properties are sold for.
13. All sales within the commercial inventory were reviewed and analyzed as of the date of sale. Those sales were used as checks against valuations determined via the income projections. Sales reflect the condition of a property as of the sale date and thus may not always equal to their assessed value.
14. The Respondent provided three commercial land sales which are in the downtown area close to the subject. These 3 parcels range in size from 7,499 sq ft to 37,477 sq ft (Exhibit R-1, page 27). The subject land size is 22,488 sq ft. The sale prices ranged from \$154.95/ sq ft to \$251.70 per sq ft. The average sale price for these was \$197.72 per sq ft and the median was \$186.51 per sq ft. The sales were time adjusted to valuation date.

The Respondent stated that subject was assessed at \$154.30 per sq ft and is well supported by the average and median prices.

15. The Respondent also provided the Board with a statement of operations showing the income and expenses for the subject property (Exhibit R-1, page 26).
16. In conclusion, the Respondent requested the Board to confirm the 2011 assessment at \$3,470,000 for the subject property.

DECISION

17. The decision of the Board is to reduce the 2011 assessment from \$3,470,000 to \$2,822,500.

REASONS FOR THE DECISION

18. The Board was persuaded by the Complainant and the Respondent's five sales that were west of 105 Street. The five sales were generally common to both parties. The five sales had an average of \$125.56 per square foot and therefore, the Board accepted the \$125.50 per square foot as being the best indicator of market value for the land at valuation day. (The Board calculates 22,488 square feet @ \$125.50 per square foot plus \$500 for the cost of improvements). The Board truncated this figure to \$2,822,500.
19. The Board agreed with the Complainant's evidence that stated one sale was contaminated and therefore should not be included in a sales comparable analysis. The Board finds that a contaminated site is not representative of the entire market for land and is rejected as an appropriate comparable.
20. In addition, the Board agreed that a motivated sale does not meet the definition of a market driven sale and should also not be included in a sales comparable analysis.
21. The Board put little weight on the Respondent's land comparables. Although the land comparables were chosen because the sales occurred close to the valuation date, the Board notes the Respondent's comparables were all east of 105th Street.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 10th day of February, 2012 at the City of Edmonton, in the Province of Alberta.

Robert Mowbrey, 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: WILD ROSE POWER CENTRE INC