



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 746/11

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 20, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10060757	9603 - 45 Avenue NW	Plan: 0623454 Block: 5 Lot: 20B	\$9,698,000	Annual New	2011

#### Before:

Steven Kashuba, Presiding Officer  
Judy Shewchuk, Board Member  
Ron Funnell, Board Member

**Board Officer:** Jason Morris

#### **Persons Appearing on behalf of Complainant:**

Walid Melhem, Altus Group Ltd

#### **Persons Appearing on behalf of Respondent:**

Marty Carpentier, Assessor, City of Edmonton  
Tanya Smith, Law Branch, City of Edmonton

#### **PRELIMINARY MATTERS**

1. At the request of the Respondent, the witnesses were put under oath. The parties indicated that they had no objection to the composition of the Board.

2. At the conclusion of the Complainant's presentation, it should be noted that the Respondent indicated that they had a recommendation for a reduction in the assessment amount as a result of limited vehicular access to the rear building in the property. The recommendation was rejected by the Complainant who stated that he did not have the authority to accept it. However, it does represent one element upon which the Complainant sought a reduction in the assessment amount and is more fully addressed within the merits of the hearing.

## **BACKGROUND**

3. The subject property is a large industrial warehouse property located at municipal address 9603 - 45 Avenue NW in the Papaschase Industrial neighbourhood of southeast Edmonton. The property consists of two buildings of approximately 57,170 and 54,265 square feet respectively for a total of 111,435 square feet and is located on a lot of approximately 260,200 square feet for a site coverage of 35%. The property is assessed on the direct sales comparable method, and the 2011 assessment is \$9,698,000.

## **ISSUE(S)**

4. The sales comparables do not support the assessment.

## **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 presented six sales comparables (Exhibit C-1, page 8) with time-adjusted sales prices ranging from \$68.93 to \$112.77 per square foot for the total leasable area. Two properties were single-building and four were two-building properties. Three of the properties were situated in the northwest quadrant of the city while three were situated in the southeast quadrant. Based on the sales comparables the Complainant submitted that the assessment of the subject property should be reduced from \$87.03 to \$75.00 per square foot for a total of \$8,357,000.
6. In response to a question of the Board, the Complainant commented that it was difficult to find comparable sales of properties of the size of the subject in the southeast quadrant of the City.

7. The Complainant argued that multi-building properties should be valued in a manner similar to that of single building properties provided that the total square footages are comparable. The Complainant further argued that the Respondent, however, values buildings of different sizes at different rates and somehow arrives at a total assessment for a multi building property. The Complainant concluded that the Respondent used flawed methodology.

### **POSITION OF THE RESPONDENT**

8. The Respondent presented three sales of single-building properties and two sales of multi-building properties (Exhibit R-1, page 21). The time-adjusted sales prices for the single building comparables ranged from \$112.15 to \$124.68 per square foot for the total areas of the buildings. The time-adjusted sales prices for the multi-building comparables ranged from \$109.39 to \$113.34 per square foot for the total areas of the buildings. The Respondent submitted that the assessment of the subject at \$87.03 per square foot falls well below the range of time-adjusted sales prices.
9. The Respondent presented two groupings of equity comparables. In the first instance, the Respondent presented four equity comparables of two-building properties (Exhibit R-1, page 28) wherein the assessments ranged from \$85.53 to \$101.35 per square foot for the total areas of the buildings. In the second grouping, the Respondent presented seven single-building properties (Exhibit R-1, page 27) wherein the assessments ranged from \$88.42 to \$97.46 per square foot. It is the opinion of the Respondent that these two groupings support the current assessment of \$87.03 per square foot and the assessment of \$9,698,000.
10. The Respondent argued that the Complainant's sales comparables consisted of two one-building properties and four two-building properties and were therefore of limited value as comparables. Furthermore, only three of the Complainant's sales comparables were situated in the southeast quadrant of the City while the other three were situated in the northwest quadrant, thereby making them of limited value as comparables. The Respondent questioned the information which the Complainant provided in respect of effective year built, location, condition, size, site coverage, shape of the lot, in-place leases, and any upgrades.
11. During the merits of the hearing when access and egress to the property were being examined, the Respondent submitted that they were prepared to reduce the assessment by 10% for the rear building thereby reducing the assessment from \$9,698,000 to \$9,201,500. On the other hand, if the Board finds that there is no difference between the methodologies used for assessing single and multi building properties (i.e., that total size is more relevant than number of buildings), the Board should confirm the assessment. Notwithstanding, if the Board finds that there is a difference in value between the two buildings due to restricted access to rear building, the Respondent's recommendation of a 10% reduction for the second building should be accepted and the assessment reduced from \$9,698,000 to \$9,201,500.

### **DECISION**

12. It is the decision of the Board to reduce the assessment of the subject property for 2011 from \$9,698,000 to \$9,201,500.

## **REASONS FOR THE DECISION**

13. The Board places little weight upon the Complainant's sales comparables in that three out of the six occurred in a quadrant of the City far removed from the subject property.
14. Of the Complainant's three sales comparables which occurred in the same quadrant of the City, the average value per square foot supports the current assessment.
15. The Respondent's five sales comparables, although presented in two groupings, do support the current assessment.
16. The Respondent's seven equity comparables (Exhibit R-1, page 27), even though the building count in each case was one as opposed to the subject property which has two buildings, support the assessment.
17. During the hearing the Board requested that the parties recess to discuss this offer. Upon resumption of the hearing the Complainant indicated that he did not have the authority to accept or decline the offer. Further, the Complainant was of the opinion that although the Complainant and Respondent disagree on methodology, the result of the Respondent's recommendation (i.e., reducing the assessment to \$82.57 per square foot) *sounded reasonable*.
18. The Board's decision to reduce the assessment is not based upon the Complainant's submission that sales comparables do not support the current assessment but rather upon the agreement by both parties that access to the rear building is difficult and deserves consideration. Further to this, and recognizing that the Complainant was not averse to the Respondent's submission of a 10% reduction to the assessment based upon this premise, the Board accepts that the Respondent's recommendation to reduce the assessment to \$9,201,500 as being fair and correct.

## **DISSENTING OPINION AND REASONS**

19. There is no dissenting opinion.

Dated this 15th 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: SREIT (WEST NO 1) LTD