



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 76/11

Bill R. Sutherland, 1535613 Alberta. Ltd
16207 Patricia Drive
Edmonton, AB T5R 5N3

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 July 20, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8626863	9719 63 Avenue NW	Plan: 7720254 Block: 3 Lot: Y	\$2,261,500	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
Francis Ng, Board Member
George Zaharia, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Tom Janzen, Canadian Valuation Group

Persons Appearing on behalf of Respondent:

Suzanne Magdiak, City of Edmonton, Assessor

PROCEDURAL MATTERS

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.

PRELIMINARY MATTERS

There were no preliminary matters.

BACKGROUND

The subject property is a single tenant owner-occupied office/warehouse building located in the Rosedale Industrial District. It is 17,123 square feet in size including 5,600 square feet of office space. It was built in 1975 with an effective year built of 1988. The 2011 assessment equates to \$132.08 per square foot. The subject was listed in June 2009 and was sold as of July 13, 2010. The transaction was at arms-length. After the subject was sold it underwent approximately \$150,000 of renovations prior to December 31, 2010.

ISSUE

Is the 2011 assessment of the subject property at \$2,261,500 too high based on its sale price, and compared to similar properties?

LEGISLATION

The Municipal Government Act, R.S.A. 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

1. The Complainant submitted a brief marked as C-1 which contained the sale of five comparable properties. Sales 1, 2, 3 and 4 (C-1, page1) were completed in 2009 while sale #5 was completed in 2010. The time-adjusted sales prices of the comparables ranged from \$90.85 to \$110.24 per square foot while the assessments of the comparables ranged from \$107.79 to \$121.52 per square foot. The subject is assessed at \$132.07 per square foot. The comparables are all located in close proximity to the subject, are similar in age,

are all somewhat smaller than the subject, and have site coverages that range from 28.0% to 54.0% compared to the 44.0% site coverage of the subject property.

2. The property had been listed for sale June, 2009 and was sold July 13, 2010 for \$1,800,000.
3. The 2011 assessment of the subject at \$2,261,500 is \$461,500 greater than the sale price, and even considering the \$150,000 of renovations done to the subject prior to the condition date of December 31, 2010, the 2011 assessment is “not fair”.
4. Based on the sales/equity comparables, and placing most weight on the sale of the subject property, the Complainant requested the Board to reduce the 2011 assessment to \$1,800,000.

POSITION OF THE RESPONDENT

1. The Respondent referred the Board to Exhibit R-2, page 3 that addressed what an unregulated property assessment represented: an estimate of value of the fee simple estate in the property as it existed on December 31, 2010, and what it would have realized on the open market under typical conditions by a willing seller to a willing buyer.
2. The Respondent pointed out that the sale price may not be the market value for many reasons including: 1) the sale price may not have occurred on the assessment year's July 1 market value date; 2) the purchaser may not have been aware that similar properties were selling for more or less than the property he purchased; 3) the buyer or seller may have been motivated; and 4) the sale may have involved a trade, a partial interest, special financing, personal property and assumed leases (Exhibit R-2, page 14).
3. In developing the model, sales occurring from January 2007 to June 2010 were used. Factors found to affect value included: location, lot size, age and condition of the buildings, and total useable space (Exhibit R-1, page 7).
4. The Respondent submitted seven sales comparables. All of the comparables were in close proximity to the subject, in average condition, and were similar in age, total building size and site coverage. The sales occurred between January 31, 2007 and July 21, 2009 for time-adjusted sale prices ranging from \$111.24 to \$139.52 per square foot, while the time-adjusted sales price of the subject was \$132.08 per square foot (Exhibit R-1, page 24).
5. The equity comparables were also in close proximity to the subject, and all in average condition, and similar in age and total floor area. The site coverages of the equity comparables at 31% to 39% were all lower than the subject's 44%. The assessments per square foot ranged from \$128.84 to \$135.38 while the subject is assessed at \$132.08 per square foot (Exhibit R-1, page 25).
6. Based on the evidence, the respondent requested the Board to confirm the 2011 assessment of the subject property at \$2,261,500.

DECISION

The decision of the Board is to reduce the 2011 assessment of the subject from \$2,261,500 to \$1,969,000 based on a \$115 per square foot rate.

REASONS FOR THE DECISION

1. The Board placed greatest weight on the Complainant's comparables 1, 2 and 3 (Exhibit C -1, page 1). The three comparables were built between 1971 and 1976 while the subject was built in 1975, and at slightly more than 15,000 square feet were similar in building size to the subject's 17,123 square feet. The site coverage of the three comparables ranged from 35% to 54% with the subject's site coverage falling in the middle at 44%. The assessments per square foot of these three sales comparables ranged from \$107.79 to \$121.52 per square foot resulting in an average of \$113.02 per square foot, suggesting that the assessment of the subject property at \$132.07 per square foot may be too high.
2. The Board placed some weight on the sale of the subject which occurred on July 13, 2010 for the sum of \$1,800,000, and gave consideration to the renovations which were completed after the sale date but prior to the condition date of December 31, 2010. The Board was of the opinion that the renovations added to the value of the subject.
3. The Board noted that sales comparables numbers 6 and 7 provided by the Respondent were the same as sales comparables numbers 1 and 3 provided by the Complainant.
4. The Board also noted that the site coverage of the Respondent's sales and equity comparables were all less than the site coverage of the subject, from as little as 2% to as much as 13%, suggesting that there should be a reduction in the assessment of the subject property.
5. Based on the evidence and arguments, the Board is persuaded that a reduced 2011 assessment of the subject property at \$1,969,000 is fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 9th day of August 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, 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, R.S.A. 2000, c.M-26.

cc: Canadian Valuation Group