



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 763/11

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 19, 2012 and continued on February 3, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9950622	5400 99 Street NW	Plan: 3225KS Block: 13 Lot: 3	\$7,898,500	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
Mary Sheldon, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Susen Douglass, 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. This hearing conducted on February 3, 2012 is a continuation of the hearing commenced on January 19, 2012. The balance of the January 19, 2012 hearing had been postponed until February 3, 2012 to allow the parties to provide corrected information to the Board pursuant to the order of January 24, 2012. During the hearing on February 3, 2012, the corrected information was provided to the Board.
3. This hearing on February 3, 2012 proceeded with a two person panel. This was pursuant to the order of January 24, 2012 which indicated that the parties were agreeable to having the matter proceed before a two member panel should the need arise.
4. During the hearing on February 3, 2012, the Respondent objected to pages 9-26 of Exhibit C-3, the Complainant's rebuttal document, being presented to the Board as evidence. The Respondent argued that these pages contained new evidence and did not respond to a matter contained in the Respondent's disclosure. The Board considered the position of both parties and concluded that the pages 9-26 of Exhibit C-1 ought to be excluded and that the Board would consider only pages 1-8 and page 27 of Exhibit C-3.
5. The parties agreed that, where applicable, evidence, argument and submissions would be carried forward from Roll Number 8633653 to this file.

BACKGROUND

6. The subject is a medium industrial warehouse consisting of two buildings located in the Coronet Industrial subdivision of the City of Edmonton at 5400 – 99 Street NW. It was built in 1990 on a site of 169,532 square feet. The site coverage for the subject property is 40%. The current assessment of the subject is \$7,898,500.

ISSUE(S)

7. The Complainant had attached a list of issues to the complaint form. However, at the time of the hearing, the majority of the issues had been resolved and the only issues before the Board were the following;
 - 7.1 Is the current assessment of the subject property fair and equitable when compared with the sales of similar properties?
 - 7.2 Is the current assessment of the subject property fair and equitable when compared with the assessments of similar 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

8. At the commencement of the hearing on January 19, 2012, the Complainant presented to the Board a chart of four sales of comparable properties (Exhibit C-1, page 8). This is in support of their argument that the assessment of the subject is too high based on market data. These comparables range in age from 1968 to 1979 and the range of site coverage is from 35% to 48%. One of the comparables has upper office space, similar to the subject. All of the sales comparables are located on 99 Street/Parsons Road. The range of time-adjusted sales prices per square foot of leasable building area is from \$74.39 to \$112.15. When this is compared with the assessment price per square foot of the subject at \$107.30, the Complainant argued that the assessment of the subject is too high. They argued further that a value for the subject at \$95 per square foot, or \$6,992,500 in total, would be fair and equitable.
9. In support of its argument that the assessment of the subject is neither fair nor equitable when compared with the assessments of comparable properties, the Complainant provided to the Board a chart of the current assessments of six properties comparable to the subject (Exhibit C-1, page 9). The range of assessments of leasable building space for the comparables was from \$66.31 to \$111.25. From this evidence, the Complainant argued that a fair and equitable price per square foot for the subject would be \$93.00, or a total assessment of \$6,845,500. At the January 19, 2012 portion of the hearing the Complainant had noted some errors in leasable building area for his assessment comparables #4 and #6. These errors were corrected in Exhibit C-2 presented at the February 3, 2012 continuation of the hearing. These corrections altered the range of assessments per square foot of leasable building area of these comparables from \$79.29 to \$111.25. However, the Complainant indicated that these corrected figures did not affect their submission that \$93.00 per square foot would be an appropriate value per square foot for the subject when considering the assessment comparables.
10. The Complainant requested that the Board reduce the 2011 assessment of the subject from \$7,898,500 to \$6,992,500 based on their market data evidence.
11. The Complainant submitted to the Board that the method used by the City of Edmonton for assessing properties with multiple buildings on site is flawed and that a purchaser considering a purchase of a site would evaluate the site as a whole and not assign a value to each building. The Complainant submitted that the City of Edmonton assigned a value

for each building on a multi-building site and that this inflated the assessment. In support of this argument, the Complainant presented a rebuttal package (Exhibit C-2) which, they indicated, contained examples of assessments of sites containing multiple buildings located on a single titled parcel as being higher than assessments of comparable sites containing only one building. As noted in the section of this order entitled, *Preliminary Matters*, the Board ordered that only pages 1-8 and page 27 would be considered.

POSITION OF THE RESPONDENT

12. During the hearing on January 19, 2012, the Board had noted some discrepancies in the Respondent's material concerning the exact amount of the 2011 assessment for the subject as well as some discrepancies in the total building area of the subject. The Board had also requested that the Respondent provide details of the subject in imperial measurements. On February 3, 2012, the Respondent submitted Exhibit R-3 to the Board which provided these imperial measurements and indicated the deletion of some "no value" mezzanine space which had been included in error in the calculation of the total building area. The Respondent clarified to the Board that the 2011 assessment for the subject was \$7,898,500.
13. In support of its position that the 2011 assessment of the subject was fair and equitable, the Respondent presented two charts of the sales of properties comparable to the subject at the January 19, 2012 hearing (Exhibit R-1, page 14 and Exhibit R-1, page 15). During that hearing on January 19, 2012, some discrepancies had been noted in the square footage of total building area for the subject, specifically on Exhibit R-1, page 14. At the continuation of the hearing on February 3, 2012, the Respondent advised the Board that an error had been made in calculating the size of the subject in that the "no value" mezzanine area had been included in the total. The Respondent provided to the Board a corrected page 14 (Exhibit R-4) which showed the total building area of the subject to be 73,610 square feet. The Respondent further advised the Board that this figure agreed with the figure for the total building area of the subject provided by the Complainant.
14. The Respondent argued to the Board that the sales data supplied in Exhibit R-1, page 15 and Exhibit R-4 showed a range of time-adjusted sales prices per square foot of \$91.52 to \$159.01 and that the assessment of the subject at \$107.30 was within this range.
15. In support of the argument that the assessments of comparable properties showed that the current assessment of the subject is fair and equitable, the Respondent provided a chart of the assessments of fourteen properties, of which one was the subject (Exhibit R-1, page 16). During the hearing on January 19, 2012, some errors had been noted in the total building area of the subject. These errors were corrected in Exhibit R-5, a replacement page 16 of Exhibit R-1, which was presented to the Board on February 3, 2012. The Respondent argued that the range of assessments for the comparable properties is from \$101.10 to \$116.63 and that this evidence supports the 2011 assessment of the subject at \$107.30 per square foot.
16. The Respondent requested that the Board confirm the 2011 assessment of the subject at \$7,898,500.

DECISION

- 17. It is the decision of the Board to confirm the assessment of the subject property for 2011 at \$7,898,500.**

REASONS FOR THE DECISION

18. The Board accepts the Complainant's argument that this multi-building industrial warehouse property should be assessed in accordance with its market value as one property under one assessment roll and compared with other developments of similar size and which appear on a single assessment roll. The Board also accepts the Complainant's argument that the model used by the City of Edmonton in calculating the value of multi-building parcels on a single assessment roll may result in an inflated value.
19. The Board recognizes that multiple buildings on a site on one assessment roll might have vast differences in size and condition. However, in the opinion of the Board, it should be recognized that if the multi-building parcel is one title, a purchaser would look to the value of the parcel as a whole and thus the value should reflect the market value of similar properties.
20. The Board first turned to the sales evidence provided by the Complainant in order to determine if there was sufficient market data to bring the fairness of the assessment of the subject into question. The Board notes that the Complainant's sales comparable #1 is 13 years older than the subject and is much larger and with a higher site coverage. With respect to the Complainant's sales comparable #2, the Board notes the evidence provided indicates that this comparable was sold with below market leases in place. In the opinion of the Board, this lease rate would contribute to the lower time-adjusted sale price per square foot. Further, the Board notes that the time-adjusted sales price per square foot of the Complainant's comparable #3 supports the assessment of the subject. With respect to the Complainant's sales comparable #4, the Board notes that the age of this property is twenty-two years older than the subject, requires partial roof repair, and that this circumstance is reflected in its sales price. Taking all this evidence into account, the Board concludes that the sales comparables offered by the Complainant are of little assistance in determining the correct market value for the subject.
21. The Board then turned to the equity comparables presented by the Complainant in support of its argument that the assessments of comparable properties showed that the current assessment of the subject was neither fair nor equitable. The Board notes that the Complainant's equity comparable #1 supports the assessment. The Complainant's equity comparables #2, #3, #5 and #6 are all older than the subject and most have lower site coverages. With respect to the Complainant's equity comparable #4, it is of a comparable age to the subject but with a smaller leasable building area and lower site coverage. In the opinion of the Board, these factors require significant adjustments to the value per square foot in order to assess their comparability with the subject.

22. In contrast, the Board places considerable weight upon the Respondent's four sales comparables (Exhibit R-1, page 14) in that these reflect characteristics similar to that found in the subject property in terms of total floor area, effective year of construction, and location in the City of Edmonton. The time-adjusted sales price per square foot of these sales comparisons ranges from \$93.21 to \$125.32, while the subject is assessed at \$107.30. As well, the Board is persuaded by the Respondent's second grouping of sales comparables (Exhibit R-1, page 15), which also support the assessment.
23. Additionally, the Board is persuaded by the Respondent's fourteen equity comparables (Exhibit R-1, page 16) which show a range of assessments for the comparable properties to be from \$101.10 to \$116.63. This evidence supports the 2011 assessment of the subject at \$107.30.
24. The Board recognizes that it is the responsibility of the Complainant to provide sufficient evidence to the Board to demonstrate that it is more probable than not that the assessment of the subject is incorrect or inequitable. In the opinion of the Board, neither the sales comparables nor the assessment comparables provided by the Complainant are sufficiently compelling to demonstrate that the current assessment of the subject is incorrect.
25. The Board concludes that the Complainant did not overcome the hurdle of demonstrating sufficiently compelling evidence to place in doubt the correctness of the subject's assessment. In the opinion of the Board, the Complainant did not discharge their responsibility of demonstrating that the assessment is not correct by producing sufficiently compelling sales comparables or assessment comparables and accordingly the Board confirms the 2011 assessment of the subject.
26. The conclusion of the Board is that the 2011 assessment of the subject property at \$7,898,500 is fair and equitable.

DISSENTING OPINION AND REASONS

27. There is no dissenting opinion.

Dated this 21st 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: PCL Construction Resources Inc.