



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 798/11

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 March 6, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9538109	6312 50 STREET NW	SE 23-52-24-4	\$9,505,500	Supplementary New	2011

Before:

James Fleming, Presiding Officer
Judy Shewchuk, Board Member
Taras Luciw, Board Member

Board Officer: Karin Lauderdale

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Blaire Rustulka, Assessor, City of Edmonton

PRELIMINARY MATTERS

The Complainant advised that they had not received the disclosure from the Respondent. In response the Respondent submitted a document (Ex. R1) confirming receipt by the Complainant. The Respondent offered to provide the Complainant with a copy of the Respondent's submission.

In other matters, there was no objection from the parties to the composition of the panel, and no conflicts were reported.

BACKGROUND & PROPERTY DESCRIPTION

This is a supplementary assessment which was necessitated by the construction and completion of a new building on the site during the assessment year. There was also removal of other small improvements during the assessment year, all of which combined in the need for the supplementary assessment.

The original 2011 assessment for the property was \$39,021,500. This was reduced (by reducing the land value) by a CARB to \$35,563,500 on 13-Dec-2011 (see Ex. C1 pgs 22 – 24).

The supplementary assessment (Ex. C1 pgs 8 – 10) was issued on 27-Oct-2011 with a revised property value of \$48,527,000. In order to obtain the exact amount of the supplementary assessment, it is necessary to subtract the supplementary total from the original assessment (\$48,527,000 – \$39,021,500). This yields an amount equal to \$9,505,500, the amount under appeal in this complaint.

There are two other small complicating factors, the first being the land value reduction by the CARB, and the second being the removal of other small improvements on the property. While these serve to introduce additional values to the already large number of different numbers in this complaint, in point of fact, the final value is an arithmetical calculation which will take into account the impact of these changes. The point should be made that both parties are aware of the basis of the calculations which yielded the \$9,505,500 value for the supplementary assessment (although the Complainant does not agree with the inputs to the calculations).

The property is 59.6 acres in size and located in the Roper Industrial Subdivision along a major north south access in the east end of the City. There are a number of improvements on the property (which is described as a medium warehouse complex) and the property has been under redevelopment for some time. According to the City data, the property has approximately 339,000 sq. ft. (square feet) in buildings on site, although given the construction/removal of improvements noted in the complaint, this number is subject to review. The property has a Land Use designation reflecting Commercial Medium Warehouse, and it would appear that the oldest building on site was constructed in 1958. The subject property was valued based on the Cost Approach to Value.

ISSUE(S)

The Complainant identified 8 issues in their evidence (which mirrors their Complaint Form). In discussions and their presentations, the principal item argued was the Class of the Improvements. Accordingly:

What is the best Class/Condition description for the “new” construction? Is it “average” as argued by the Complainant or is it “good” as argued by the Respondent?

Based on the condition, what is the value of the 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

The Complainant based his argument in large part on two items. The first was the Marshall & Swift Valuation Guide (M&S) for Industrial Flex Buildings (the agreed to classification by both parties) (Ex C1 pgs. 19 – 20), and secondly, the construction cost information provided by the builder of the building which supported the complainant’s interpretation of the M&S value.

The Complainant warranted that they were familiar with the M&S procedures for valuation of property, and they had determined that the new building was a “C-Average” quality/condition/type. When they had taken the base cost for “C-Average” of \$43.09 and applied the necessary multipliers and adjustments, they arrived at a value of \$71.01 per sq. ft. for a total value of \$8,554, 580 (See Building 6 in C1, pg 16).

The Complainant pointed out that the construction cost provided by the builder, Oxford Properties (Ex. C1 pg 18), a nationally recognized owner/developer, was \$8,545,596, or very close to the value derived from the pricing manual.

They suggested this provided strong support for their valuation, and requested a reduction in the assessment to \$8,486,500 which represents the Complainant’s “requested” cost of the new building, less the value of the other buildings removed or demolished on the site during 2011.

POSITION OF THE RESPONDENT

The Respondent's evidence included an analysis demonstrating their calculation according to the M&S guidelines (Ex R2, pg 15). They also included copies of a hand drawn plan based on a site visit which highlighted some of the construction details and also showed the extent of Tenant Improvements in the building (Ex. R2, pg 16).

They argued that they had extensive experience in valuation using the M&S valuation guide, and they were confident that the building was C- Good, not C- Average.

They also noted that they had made an error and the value of the supplementary assessment should have been increased to reflect a portion of the value of the buildings removed or demolished during the assessment year. They indicated that they were not asking for any additional assessment beyond the supplementary, and so they requested confirmation of the supplementary in the amount of \$9,505,500.

DECISION

The Complaint is denied and the assessment is confirmed as noted below.

Roll Number	Original Assessment	New Assessment
9538109	\$9,505,500	\$9,505,500

REASONS FOR THE DECISION

The CARB heard and considered all of the evidence and argument. Any details not mentioned in these reasons were not included, because, in the opinion of the CARB, little weight was placed on the information.

This is clearly a complaint where the CARB is adjudicating condition. It should be noted that it is the Complainant's responsibility to demonstrate that the assessment is incorrect. Accordingly, the Complainant advanced a value but provided no empirical support. The number was said to result from the application of multipliers and factors beginning with the \$43.09 Base Cost for C-Average construction, but there was no back up showing any calculation except the result \$71.01. The CARB could not put much weight on the number especially when the Respondent provided detailed calculations (Ex. C2 pg. 15) showing how their number was arrived at.

As to condition, the Complainant provided little argument justifying an "average" condition based on the M&S guidelines, but relied on the construction cost similarity to support the end result (i.e. the value). The problem the CARB had with that is first, that there was no evidence, beyond the number provided by a second hand source (the builder), that the elements of the construction costs were typical as required by the legislation, and secondly, the number admittedly did not include tenant improvement costs which are a legitimate inclusion in assessment valuation. The CARB heard from the Complainant that the "base" tenant

improvements were likely included in the hard costs, but the CARB was not convinced, because there was no confirmation.

Accordingly, the CARB finds that the building is Good quality. The CARB also concludes that the Respondent had better evidence (detailed M&S calculations and construction descriptions based on a site visit, for example) to support the value they selected than the Complainant. This was a large part of the reason for the finding of Good condition, and in any event, the CARB finds that the Complainant did not provide sufficient evidence to disturb the assessment.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 9th day of March, 2012, at the City of Edmonton, in the Province of Alberta.

James Fleming, 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: CV INVESTMENT HOLDINGS INC