



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 820/11

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 14, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9553090	4308 81 Avenue NW	Plan: 7520086 Block: 3 Lot: 4 / 5	\$5,822,000	Annual New	2011

#### Before:

James Fleming, Presiding Officer  
Dale Doan, Board Member  
Petra Hagemann, Board Member

#### Board Officer:

Annet Adetunji

#### Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

#### Persons Appearing on behalf of Respondent:

Joel Schmaus, Assessor, City of Edmonton  
Cherie Skolney, Assessor, City of Edmonton

## **PRELIMINARY MATTERS**

1. It should be noted that due to considerable delays experienced as a result of the City's preliminary challenge of the validity of Altus CARB complaints, including filing of a leave to appeal the CARB decision of the preliminary hearing in the Court of Queen's Bench, the Assessment Review Board (CARB) administration determined it would be unable to meet the deadlines set out in s. 468 (1) of the Municipal Government Act (MGA), and s. 53 (b) of Matters Relating to Assessment Complaints. Accordingly, the ARB administration requested and obtained a Ministerial extension to hear the affected roll numbers, including the subject property in 2012 under the authority of s. 605(2) of the MGA.
2. The CARB Members indicated that they had no bias with regard to this file. The parties indicated that they had no objection to the composition of the CARB.

## **BACKGROUND**

3. The subject was built in 1975. It is located on a site of 171,690 sq. ft. and has a site coverage of 43% based on an area of 73,052 sq. ft. The subject is zoned IB (industrial Business) and the property is valued based on the Direct Sales Comparison Approach.

## **ISSUE(S)**

4. Seven issues were outlined in the Complainant's brief (C-1, pg 3), however the Complainant advised that only issue #4 "*the assessment of the subject property is in excess of its market value for assessment purposes*" remained as the main issue and sales of comparable properties were to be used to challenge the 2011 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 evidence including four time adjusted sales comparables (C-1, pg 8), for the CARB's review and consideration to support their argument that the assessment of the subject property was too high.
6. The sales indicated a range from \$70.01 to \$124.69/sq ft, an average of \$85.32 and a median of \$73.30/sq ft. All sales are located in the southeast sector of Edmonton and all are interior locations. The sales comparables were built between 1972 and 1979, with site coverage ranging from 36% to 52% and gross building sizes ranging from 41,121 sq ft to 88,868 sq ft. Three of the four sales have upper floor finish.
7. The Complainant argued that the subject should be at the low end of the indicated range due to its building size emphasizing the more recent sales that indicate a value of \$70/sq ft (C-1, pg 8).
8. The Complainant requested reduction of the 2011 assessment from \$5,822,000 to \$5,118,000 based on the direct sales comparison approach.
9. The Complainant also presented for the CARB's consideration a rebuttal (C-2) of the Respondent's three sales. On page 2 of C-2 the Complainant hi-lighted two sales located on major roadways stating that they are not comparable as the subject property has an interior location.

## **POSITION OF THE RESPONDENT**

10. The Respondent presented a brief (R-1) including sales and equity comparables for the CARB's review and consideration to support the current assessment of the subject property.
11. The Respondent outlined the mass appraisal process along with the factors found to affect value in the warehouse market (R-1, pg 4 to 8), emphasizing that they were bound by this process. Those factors found to affect value in the warehouse inventory are the location of the property, the size of the lot and condition of the buildings, the total area of the main floor, developed second and mezzanine area.
12. The Respondent provided a chart of three time adjusted sale comparables (R-1, pg 20) indicating a range from \$70.01 to \$113.3/sq ft to support the subject's assessed value of \$79.70/sq ft. All are located in the southeast sector of Edmonton. Sales #1 and #2 are located on major roadways. The sales comparables were built between 1971 and 1978 and are all in average condition. Total building area for the sales comparables range from 63,65/sq ft to 76,233/sq ft with site coverage from 36% to 52%. Two sales have upper floor finish.
13. To further support the 2011 assessment of the property the Respondent submitted an equity chart of five assessment comparables (R-1, pg 24). The assessed values range from \$78.80 to \$84.73/sq ft and support the subject's assessed value of \$79.70/sq ft. The equity comparables are all located in southeast Edmonton, with interior locations and all are in average condition. The equity comparables were built between 1972 through 1981 and have total building area from 70,120 sq ft to 72,319 sq ft with site coverage ranging from 37% to 50%.
14. The Respondent drew the Board's attention to page 40 of R-1 emphasizing the section **Market Value Within a Range**, that states that the Board has ruled on a number of occasions that market value encompasses a range of values and the issue is whether the assessment falls within that range of value.
15. The Respondent also drew the Board's attention to page 41 of R-1 emphasizing the section **The 5% Range** that states that both the ARB and MGB have ruled on numerous

occasions that it would not alter an assessment, if the requested change to the assessment, or if the evidence indicates a change to the assessment within 5%.

16. Based on the time adjusted sale comparables and the equity comparables the Respondent requested that the 2011 assessment be confirmed at \$5,822,000.00.

## **DECISION**

17. The decision is to deny the complaint and to confirm the subject's 2011 assessment of \$5,822,000.

## **REASONS FOR THE DECISION**

18. The CARB reviewed all the evidence and argument. In order to aid in the comparison of the Comparables relative to the subject, it should be recalled that the subject was built in 1975; it sits on a site of 171,690 sq. ft. and has 43% site coverage based on a 73,052 sq. ft. improvement.
19. The Complainant provided six sales comparables (C-1, pg 8) which they asserted could be adjusted where necessary to support their request for a value of \$72.00/sq ft. The comparables of the Complainant required adjustments for location (4 were in the northwest quadrant of the City), year of construction (1964 to 1979), site area (60,289 to 161,602 sq ft), site coverage (41% to 53%), size of the improvement (32,248 sq ft to 80,000 sq ft) and amount of finished upper level space (0 to 6,548 sq ft). In addition, one of the comparables was in fair condition compared to the average condition of the rest of the comparables and the subject.
20. The Respondent provided six sales comparables, one of which (5705 Calgary Trail) was common to both parties. These comparables required adjustment for sale date (Feb 2007 to June 2010), age (1961 to 1998), site coverage (28% to 52%), amount of finished upper level space (0 to 17,330 sq ft) and size (63,652 to 89,449 sq ft). In addition, and as pointed out by the Complainant in their Rebuttal (C-2, pg 2), two of the Respondent's comparables were located on major roadways and as well, one of the comparables is a multiple building property which might have impacted the motivation and the sale price.
21. In evaluating the presentations, the CARB was concerned because neither party provided sufficient evidence for the CARB to understand the magnitude of the adjustments required to make the comparables compare with the subject. The only "solid" evidence demonstrating support for any adjustment was the time adjustment where both parties accepted the City's time adjustment study (C-1, pg 12). In addition both parties provided commentary on the need for adjustments to the other party's comparables. The CARB found that there were too many "types" of adjustments to be made (i.e. location, size, site coverage and finished upper level etc), and in addition, there was little if any evidence showing/proving the magnitude of any adjustment (except for the time adjustment noted above). The Complainant's "unadjusted" comparables ranged from \$70.01/sq ft to \$89.22/sq ft. Likewise, the Respondent's "unadjusted" comparables also exhibited a wide range, from \$70.01/sq ft to \$116.07/sq ft., compared to the subject's assessment of \$76.73/sq ft.

22. Accordingly, the CARB put little weight on the comparable evidence of either party because of the lack of evidence to quantify “any” of the adjustments.
23. The burden of proof is on the Complainant to show that the assessment is incorrect. This was not done as is outlined above. Four of the five equity comparables were assessed higher than the subject property and because of similarities of these properties, the CARB was persuaded that the subject property was fairly and equitably assessed.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 16th day of March, 2012, at the City of Edmonton, in the Province of Alberta.

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James Fleming, 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 (NUQUEST EDMONTON) LTD