



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 879/11

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 April 4, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3517968	11755 108 AVENUE NW	Plan: 1755KS Block: 19 Lot: H	\$2,855,000	Annual New	2011

Before:

Patricia Mowbrey, Presiding Officer
Lillian Lundgren, Board Member
Ron Funnell, Board Member

Board Officer: Jodi Keil

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Luis Delgado, Assessor, City of Edmonton
Melissa Zayac, Assessor, City of Edmonton

PRELIMINARY MATTERS

- [1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board and the Board members indicated no bias with respect to the file.

- [2] Board Member Ron Funnell recused himself from the decision process as it became apparent at the end of the hearing that in the past there had been an association with the building.

BACKGROUND

- [3] The subject property is a 30,851 sq ft warehouse located at 11755 108 Avenue in the Queen Mary Park area in the City of Edmonton. The building has a 1978 effective year built, no upper office space and a site coverage of 27%.

ISSUES

- [4] There were two issues addressed at this hearing:

1. Is the subject property correctly assessed?
2. Is the subject property equitably assessed?

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 position of the Complainant is that the subject property assessment of \$2,855,000, or \$92.54 per sq ft, is incorrect and inequitable. The Complainant argued that a review of recent market transactions indicate the value of the subject property is \$2,468,000. In support of the argument, the Complainant submitted six sales comparables that were time adjusted using the City of Edmonton time adjustment factors. The sales comparables have an average sale price of \$97.40 per sq ft and a median sale price of \$81.26 per sq ft. The Complainant explained that, although all the sales comparables were located outside of the subject market area and two were located on major roadways, the location of the comparables was offset by the other similar attributes such as size, age and site coverage.
- [6] The Complainant pointed out that the subject property is irregular in shape with a strip of land extending to the street for access and egress only, and that the site coverage of the building should be considered higher because of this portion of land that is unusable. The Complainant indicated the value for the subject property, based on the sales comparables and the irregular shape of the subject, is \$80.00 per sq ft or \$2,468,000.

- [7] The Complainant argued that the subject property is inequitably assessed with similar properties and the assessments of similar properties indicate that the value of the subject property is \$2,591,000. The Complainant presented five assessment comparables that have an average assessment of \$84.37 per sq ft and a median assessment of \$83.37 per sq ft. The Complainant argued that, even though the comparables were located outside the subject market area that the location is offset due to the similar attributes of the subject such as age, size, site coverage and submitted that the value of the subject property based on the equity comparables is \$84.00 per sq ft or \$2,591,000.
- [8] The Complainant argued that the Respondent's comparables should be negatively adjusted by 10% to create a more similar comparable to the subject property due to the subject's irregular shaped lot. The Complainant indicated that the comparables presented by the Complainant had taken into consideration the negative effect of the subject irregular shaped lot.
- [9] The Complainant requested the 2011 assessment be reduced to \$2,468,000.

POSITION OF THE RESPONDENT

- [10] The Respondent submitted that the subject property assessment of \$2,855,000 is correct and equitable.
- [11] The Respondent presented six sales comparables that range in sale price from \$89.15 per sq ft to \$177.74 per sq ft. The Respondent indicated that sale #2, located immediately adjacent to the subject property, was the best comparable. It was similar in size, age, and condition. Sale #2 had a smaller lot size at 45,533 sq ft compared to the subject at 112,594 sq ft. and had a time adjusted sales price of \$94.63 per sq ft. While this comparable had no upper office development, it had a higher sight coverage at 59% than the subject at 27%.
- [12] The Respondent also discussed the remaining sales comparables. The Respondent pointed out that sale #1 was older and inferior in condition to the subject. Sale #4, with a time adjusted sales price of \$177.74 per sq ft, was described to be a newer building than the subject, with a year built of 2007 compared to the subject year built of 1978. Sale #4's building was of the type of construction to accommodate heavy cranes. Sale #5 was newer and superior in condition to the subject property, while sale #6 was older and had significant upper office development. The time adjusted sales prices for sales #1, #5 and #6, respectively were \$99.32 per sq ft, \$117.08 per sq ft, and \$89.15 per sq ft.
- [13] The Respondent presented seven equity comparables to support the 2011 assessment of the subject, ranging from \$85.25 per sq ft to \$112.53 per sq ft. The Respondent submitted that comparables #1, #2, and #3 were the best as they were closest in location, and were assessed at, \$102.78 per sq ft, \$97.38 per sq ft, and \$85.25 per sq ft, respectively. These comparables had an average assessment of \$95.14 per sq ft. The Respondent argued that these comparables support the subject assessment of \$92.54 per sq ft. With respect to the Respondent's remaining comparables, comparables #4 – #7 were similar in age, site coverage and size. Comparable #5 had 15 buildings located on the site. The assessments range from \$93.68 per sq ft to \$112.53 per sq ft. and provide support for the 2011 assessment.

- [14] The Respondent explained to the Board that the subject property assessment had been given a negative influence adjustment of -10% to account for the irregular shaped lot but noted the strip of land that was used for access and egress also was used for parking. The loading area at the back of the building was accessed from the alley.
- [15] The Respondent requested the Board confirm the 2011 assessment at \$92.54 per sq ft or \$2,855,000.

DECISION

- [16] The Decision of the Board is to confirm the subject property 2011 assessment of \$2,855,000.

Roll Number	Original Assessment	New Assessment
3517968	\$2,855,000	\$2,855,000

REASONS FOR THE DECISION

- [17] The Board reviewed both the Complainant's and Respondent's evidence.
- [18] The Board considered the Complainant's six time adjusted sales comparables in regard to the correctness of the subject assessment. The Board notes that the sales comparables are not located in the subject market area. Sales #3 and #5 are located on major roadways while the subject is an interior site. Sale #6 is a building constructed for heavy cranes and hoists with an expansion paint booth and air make-up unit and has a leasable area time adjusted sale price per sq ft of \$133.91. While the Complainant's sale #4 has reduced frontage, the Complainant was unable to explain the basis for the leasable area time adjusted sale price per sq ft of \$132.15. Sales #3, #5, and #6 had upper office space whereas the subject had none. Accordingly, the Board finds that the sales comparables are dissimilar to the subject in location as well as the other attributes discussed and places less weight on the Complainant's sales comparables.
- [19] The Board reviewed the five equity comparables presented by the Complainant and notes that they are not in the same market area as the subject property. Comparables #2, #3, and #5 have significant upper office space whereas the subject has none. It has been explained that upper office rates are lower than main floors and can reduce the overall rate per sq ft. For these reasons the Board places less weight on the Complainant's equity comparables.
- [20] The Board gave consideration to the Complainant's verbal submission that a negative 10% adjustment be applied to the Respondents comparables to effectively bring them to a similar status as the subject, which has an irregular shaped lot. Based upon the evidence presented, the Board holds that, since the -10% adjustment for the irregular shaped lot has been applied to the subject property to reflect the effect of the irregular shaped lot upon market value, the regular shaped lot comparables should not be negatively adjusted. Negatively adjusting the Respondent's comparables would actually result in a double adjustment.

- [21] The Board considered the Respondents sales comparables noting that sale #2 was presented as the best comparable as it is located immediately adjacent to the subject property and is assessed at \$94.63 per sq ft. Although the site size is smaller and the site coverage is greater, the age, condition, size and lack of upper office development is similar to the subject. As an adjacent property, sale #2 is considered a superior comparable in location. Accordingly, the Board gives greater consideration to this comparable, and finds that it supports the 2011 assessment. The Board places less weight on the remaining sales comparables as they are located outside the subject market area.
- [22] The Board reviewed the Respondents equity comparables and considered comparables #1, #2, and #3 as they were referred by the Respondent as the best comparables. These comparables are located closest to the subject, are similar in age, condition and site coverage. Comparables #1 and #2 are slightly smaller in size and comparable #1 has a small area of upper office space but otherwise remains reasonably similar. The average assessment for the three comparables is \$95.14 per sq ft which the Board considers supportive of the 2011 assessment of the subject property of \$92.54 per sq ft.
- [23] The Board finds the subject property 2011 assessment is correct, fair and equitable.

DISSENTING OPINION AND REASONS

- [24] There was no dissenting opinion.

Dated this 18th day of April, 2012, at the City of Edmonton, in the Province of Alberta.

Patricia Mowbrey, 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: SREIT (NUQUEST EDMONTON) LTD