



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 901/11

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 2, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8627457	9805 62 AVENUE NW	Plan: 4837KS Block: 4 Lot: D	\$2,783,500	Annual New	2011

Before:

James Fleming, Presiding Officer
James Wall, Board Member
Jasbeer Singh, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Mary-Alice Nagy, Assessor, City of Edmonton
Stephen Leroux, 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 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. When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board and the Board members indicated no bias in the matters before the Board.
3. The Respondent objected to parts (pages 9 to 27) of the Complainant's Rebuttal document as the same contained new evidence that could not be entertained by the Board in accordance with the provisions of s 9(2) of Matters Relating to Assessments Complaints Regulations (MRAC).
4. Prior to receiving the Complainant's Rebuttal, the Board recessed, deliberated and decided that the Complainant's rebuttal would be admitted in its entirety and the Board would assign appropriate weight to the contents or the arguments. The Board accepted the Complainant's position that at the time of filing its initial disclosure, the Complainant was unaware of the approach or methodology used by the Respondent for the valuation of the properties with multiple buildings on site. This became evident to the Complainant only after receiving the Respondent's disclosure and hence the inclusion of additional analysis of such information contained in the Respondent's disclosure.

BACKGROUND

5. The subject property, located at 9805 – 62 Avenue, Edmonton is comprised of two separate buildings. The total areas in each of the two buildings are; 9,600 square feet, and 7,400 square feet, for a total of 17,000 square feet. The larger building was constructed in 1965 and the second building was added in 1967. Valuation group zoning is 'IM' (Industrial) and site coverage is 18%.

ISSUE(S)

6. The complaint form listed a number of issues that have since been abandoned by the Complainant with the only remaining issues being:
7. Is the 2011 assessment of the subject property at \$2,783,500, in excess of its market value?
8. Is the 2011 assessment of the subject property at \$2,783,500, fair and equitable considering the assessed value and assessment classification of comparable 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

9. The Complainant (Altus) presented a brief to the Board (C-1) that included a set of 6 sales comparables and another set of 4 equity comparables (C-1, pages 8 & 9). Sales comparable #4 was removed from the list owing to factual inaccuracies, leaving a set of 5 valid sales comparables.
10. The Complainant argued that the 5 sales comparables with similar age, size, location and site-coverage attributes as the subject, showed an average of \$133.69 per square foot and a median of \$144.20 per square foot of Leasable Building Area (LBA), where as the subject had been assessed excessively at \$163.74 per square foot. The Complainant stressed that using a figure of \$145.00 per square foot, the 2011 assessment for the subject should be \$2,465,000 (C-1, page 8)
11. The Complainant further argued that the 4 equity comparables with similar age, size, location and site-coverage attributes as the subject, showed an average of \$130.70 per square foot and a median of \$133.19 per square foot of Leasable Building Area (LBA), where as the subject had been assessed excessively at \$163.74 per square foot. The Complainant stressed that using a figure of \$134.00 per square foot the 2011 assessment for the subject should be \$2,278,000 (C-1, page 9).
12. The Complainant presented a 27 page rebuttal document (C-2), and advised the Board that the Respondent's valuation of the subject property was flawed and excessive, in that the total value of multiple buildings on the property, assessed individually, was less than the assessment for the entire property as one. Not only was the element of 'economy of scale' absent, the subject's assessment was greater than the sum of the multiple buildings' individual assessments. The Complainant illustrated this assertion and questioned the fairness of the subject's 2011 assessment valuation (C-2, page 9-27).
13. The Complainant requested for a lower 2011 assessment of \$2,465,000 based on \$145.00 per square foot, as suggested on the basis of the sales comparables (C-1, page 10).

POSITION OF THE RESPONDENT

14. The Respondent presented to the Board an assessment brief which contained information on mass appraisal methodology, factual data on the subject property and sales and equity comparables.
15. The Respondent provided the CARB with 7 sales comparables (R-1, page 19). Respondent's comparables #6 and #7 are common with the Complainant's set of comparables. While the comparables #4 - #7 were close to the larger (9,600 square foot) building, the others #1 - #3, represented the smaller (7,400 square foot) building well.
16. Commenting on the Complainant's sales comparables (C-1, page 8), The Respondent pointed out to the Board that:
 - sale #1 was not comparable to the subject, as the property did not have any heating system at the time of sale and hence, the sale price was not representative of the market.
 - sale #2, in view of the Network information, required extensive renovations and was larger than either of the two buildings on the subject property.
 - sale #3 was also quoted by the Respondent as its comparable #6, and was deemed to be a good comparable that was assessed at \$181.53 per square foot and supported the subject's 2011 assessment at \$163.74 per square foot.
 - sale #4 was removed from the records by the Complainant owing to factual inaccuracies.
 - sale #5 was also quoted by the Respondent as its comparable #7, and was deemed to be a good comparable that was assessed at \$156.70 per square foot and contained a 3000 square foot finished mezzanine space that lowered the per square foot assessment. This supported the subject's 2011 assessment at \$163.74 per square foot.
 - sale #6 was not correctly quoted by the Complainant. The Network document in respect of this sale (R-1, page 31) indicated that the sale price was \$1,695,000 and not \$1,300,000, as suggested by the Complainant (C-1, page 8).
17. The Respondent argued that the Respondent's sales comparables presented to the Board supported the subject's 2011 assessment at \$163.74, for a total of \$2,783,500.
18. The Respondent provided the CARB with 6 equity sales comparables (R-1, page 27). All of these comparables contained two separate buildings, the same as the subject, and these adequately supported the subject's 2011 assessment at \$163.74 per square foot.
19. Commenting on the Complainant's equity comparables (C-1, page 9), The Respondent pointed out to the Board that:
 - comparable #1 was not a good comparable as the only building on site measuring 20,800 square feet was much larger than either of the two buildings on the subject property. To be considered as a comparable, this would require significant upward adjustment.

- comparable #2 was not a good comparable as this contained 3 buildings and one of the buildings had been assessed 'at cost' and that lowered the overall assessment value considerably.
- comparable #3 was also not a good comparable as the only building on site was much larger in size than either of the two buildings on the subject property, and also, there was 3000 square feet of finished upper mezzanine space. To be considered a true comparable, this would require significant upward adjustment.
- comparable #4 was not a good comparable as the only building on site measuring 17,000 square feet was much larger than either of the two buildings on the subject property. To be considered as a comparable, this would require significant upward adjustment.

20. The Respondent argued that not only do the sales and equity comparables presented to the Board (R-1, pages 19 & 27), but Complainant's own sales comparables, once the factually flawed comparables are removed, provide an average assessment of \$160.81 per square foot, that amply supports the subject's 2011 assessment at \$163.74 per square foot.

21. The Respondent requested that the CARB confirm the reduced 2011 assessment of the subject property at \$2,783,500.

DECISION

22. The Complaint is allowed in part, and the assessment is reduced as noted below.

Roll Number	Original Assessment	New Assessment
8627457	\$2,783,500	\$2,465,000

REASONS FOR THE DECISION

23. The Complainant provided 5 Sales comparables and 4 Equity comparables (C1, pages 8 & 9). The Respondent provided 7 Sales comparables and 6 Equity comparables (R1 pages 19 & 27). Two of the sales comparables were quoted by both parties. The major difference between the approach of the Complainant and the Respondent was the Respondent's policy for multiple building sites of valuing the individual buildings on the site rather than valuing the total square footage on the site regardless of how many buildings were involved.

24. While the CARB is open to entertaining the issue of 'economies of scale' in respect of large buildings measuring hundreds of thousands of square feet of space, the CARB was not convinced by the Complainant's argument that relatively small industrial improvements totaling 17,000 square feet warrant similar consideration presumably denied by the Respondent's practice, applied to all such properties, of combining the assessments of constituent smaller improvements on the subject site, to determine the total valuation for the property.

25. The Respondent successfully pointed out several factual and qualitative deficiencies in many of the Complainant's sales comparables, to raise questions on the validity of many of these sales comparables.

26. However, the CARB found the Complainant's equity comparables to be quite convincing in highlighting the issue that the subject was, perhaps, over assessed. The Respondent did not raise any major objections to Complainant's equity comparables, other than to suggest some upward revision on account of size and finished mezzanine area differentials.
27. The CARB found that the average and the median assessment values in respect of the Complainant's equity comparables required upward adjustment to better reflect the attributes of the subject property. However, in the opinion of the CARB, the 2011 assessment value requested by the Complainant (C-1, page 10) reflected the necessary adjustments commented upon by the Respondent and warranted to provide true comparable per square foot assessment values.

DISSENTING OPINION AND REASONS

28. There was no dissenting opinion.

Dated this 13th day of April 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: LEAH R SUPERSTEIN