

## **Edmonton Composite Assessment Review Board**

**Citation: Michele Warwa-Handel, APTAS v The City of Edmonton, 2012 ECARB 1235**

**Assessment Roll Number:** 10015903

**Municipal Address:** 11350 182 Street NW

**Assessment Year:** 2012

**Assessment Type:** Annual New

Between:

**Michele Warwa-Handel, APTAS**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### **DECISION OF**

**John Noonan, Presiding Officer**

**James Wall, Board Member**

**Brian Hetherington, Board Member**

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### **Preliminary Matters**

[1] The assessment complaints for this and four other roll numbers were heard by the CARB in July, 2012. After the hearings concluded, it was discovered that the Respondent's evidence for the five roll numbers had not been disclosed to the CARB, contrary to *Matters Relating to Assessment Complaints (MRAC)* AR 310/2009 s 8(2)(b). The original panel decided that the five complaints should be reheard by a newly constituted Board, untainted by exposure to the Respondent's evidence package. Consequently, the five complaints were heard Oct. 31 and Nov. 1, 2012 by this CARB panel. The Respondent was limited to questions, argument, and presentation of the standard law and legislation brief.

### **Background**

[2] The subject property is a medium sized warehouse in the Edmiston Industrial neighbourhood of west Edmonton. The 28,712 sq.ft. improvement was constructed in 2004 and covers 32% of a 90,036 sq.ft. lot (2.067 acres). The subject has 9 bays and 15,006 sq.ft. (52%) of main floor office space. The 2012 assessment of \$3,971,000 equates to \$138.30 per sq.ft. of improvement.

[3] The subject is one of five similar properties in close proximity and all owned by the same person. The parties asked the Board to carry forward questions and argument from the first file, roll 1098789, to similar evidence where applicable to this and other roll numbers.

### **Issue(s)**

[4] Is the subject property over-assessed in light of:

1. a value of \$125 per sq.ft. indicated by sales comparables?
2. a value of \$123.71 per sq.ft. indicated by equity comparables?

### **Legislation**

[5] The Municipal Government Act reads:

#### ***Municipal Government Act, RSA 2000, c M-26***

s 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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**

[6] The Complainant requested the assessment be reduced to \$3,556,000 or \$123 per sq.ft.

[7] The Complainant presented fifteen sales comparables from northwest Edmonton. The first seven sales were older buildings, constructed between 1967 and 1979, with site coverage ranging from 29-43%. The remaining eight sales were of newer construction, 1987-2008. These sales showed a wide variety of sizes, with buildings ranging from 19,893-399,767 sq.ft. with site coverages of 24-39%. The Complainant selected four sales from the array of fifteen, which she said supported her requested value of \$125 per sq. ft.

[8] Twelve equity comparables were presented, most of them owned by the same owner as the subject. Focus was placed on six of these comparables with building sizes of 23,631-31,267 sq.ft. They were built from 1999-2002, had a site coverage range of 31-40%, and showed an average assessment of \$123.71 per sq.ft. These six comparables were selected for similarity in age, site coverage, and proximity to the subject.

[9] In support of the requested assessment, the Complainant presented an income approach test that employed a \$9 per sq.ft. rent rate, allowances of 3% vacancy, 3% management and 2% non-recoverables. The resulting net operating income was capitalized at rates of 7% and 7.5% to produce value estimates of \$3,401,757 and \$3,174,973 or \$118 and \$111 per sq.ft. The income approach parameters were developed from third party industry sources including Cushman & Wakefield, with rental availability brochures from York Realty, CB Richard Ellis and Colliers.

[10] The Complainant also showed a 2012 assessment summary of a "B" Class, west end office building, that assessment developed by the capitalized income approach. The rent rate for this property was attributed at \$13 per sq.ft. and, after allowances, a cap rate of 7.5% yielded an assessed value of \$134.47 per sq.ft. The Complainant argued that an office building would be expected to be valued higher than warehouse space, and this again indicated the assessment of the subject was excessive.

### **Position of the Respondent**

[11] The Respondent noted the lack of comparability to the subject of the sales comparables.

[12] In a similar vein, no size, age or location adjustments had been applied in the presentation of the equity comparables. Although the Complainant advised that the owner's properties on 105 Avenue and elsewhere in the area were of similar design and office space percentage of total building area, in the 50%-60% range, this information was not specified in the equity comparables chart. The Respondent further noted that the equity request, \$114 per sq.ft., was at variance with the \$123 per sq. ft. average of the four equity comparables advanced by the Complainant as the best comparables.

### **Decision**

[13] The Board reduces the assessment to \$3,661,000.

### **Reasons for the Decision**

[14] The Board found no illumination in the sales comparables due to significant differences in age or size in comparison to the subject. It was not clear to the Board how the requested \$125 per sq.ft. was derived from the four sales selected by the Complainant as the best comparables.

[15] The Board found three of the equity comparables relevant to the subject in terms of age, size and site coverage. Two properties are on 105 Avenue at addresses 18004 and 18220, and the third is at 18015 107 Avenue. These three comparables were assessed at an average per sq.ft. rate of \$127.51. Applied to the subject's 28,712 sq.ft., the rounded result is \$3,661,000. On the basis of the available evidence, the Board finds that amount to be an equitable assessment for the subject property.

[16] For the same reasons outlined with regard to roll 1098789, the Board rejects the idea that the income test has application here. The implication of such a test is that the same rental and other parameters ought to apply to a 10,000 sq.ft. building as a 30,000 sq.ft. building, regardless

of lot size, age, or location. Again, and for similar reasons, the Board discounts the comparison between the subject(s) of this and other complaints and a “B” Class office building.

Heard November 1, 2012.

Dated this 20 day of November, 2012, at the City of Edmonton, Alberta.

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John Noonan, Presiding Officer

**Appearances:**

Michele Warwa-Handel, APTAS  
for the Complainant

Luis Delgado, Assessor  
Tanya Smith, Legal Counsel  
for the Respondent

*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.*