



**ASSESSMENT REVIEW
BOARD**

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Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 352/11

APTAS
#397 52471 RR 223
Sherwood Park, AB T8A 4P9

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 November 7, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8873572		Plan: 7620382 Block: 14 Lot: R4	\$1,792,500	Annual New	2011

Before:

John Noonan, Presiding Officer
James Wall, Board Member
Tom Eapen, Board Member

Board Officer: Segun Kaffo

Persons Appearing on behalf of Complainant:

Michelle Warwa-Handel

Persons Appearing on behalf of Respondent:

Darren Nagy, Assessor

BACKGROUND

The subject is a 2.51 acre vacant lot on 53 Ave near 89 Street. There is no municipal address assigned to this IM-zoned property in the McIntyre Industrial neighbourhood. The 2011 assessment was prepared by the cost approach, with the land valued at just under \$714,000 per acre or \$16.39 per sq.ft.

ISSUE(S)

An attachment to the complaint form stated the 2011 assessment was in excess of the subject's market value and identified four issues:

1. Sales of similar properties indicate a lower market value using the sales or income approach to value. The 2011 assessed value does not reflect typical market value for similar properties.
2. The assessment is neither fair nor equitable.
3. The online sales information provided by the assessor appears to be just a list of all the sales, not similar to the subject in many attributes such as size, age, location, category or per square foot value. The properties are not stratified into groups of comparable properties, and the range of sales values is not sufficiently transparent to demonstrate comparability to the subject's assessment.
4. Adjustments for lot shape, configuration and condition were missed.

At the hearing, the Composite Assessment Review Board (CARB) heard evidence and argument on a sole issue:

Do the sales comparables presented by the Complainant show the subject is assessed at greater than market value?

The Complainant made comment on equitable assessment but presented no evidence on this point.

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 requested the assessment be reduced to \$1,454,335 or \$13.29 per square foot.

The Complainant presented a list of 12 vacant land sales, predominantly drawn from the Pylypow Industrial area. The sales occurred in the July 2007- August 2010 timeframe with the sales prices time-adjusted by 3% per year to show a median value of \$603,925 per acre for parcels ranging from 1.65 – 4.5 acres, all zoned IM like the subject. The median value of \$603,925 applied to the subject's 2.51 acres results in a value of \$1,516,455 or \$13.86 per sq. ft.

A further 12 sales with IB, IH and CSC [Board note: Industrial Business, Industrial Heavy, Commercial/Shopping Centre] zoning showed an average price of \$13.89 per sq. ft. [Board note: 6 of these sales were post facto the valuation date of July 1, 2010, occurring from November 2010 to May 2011.] Three sales from 2007 and 2008 were presented as relevant comparables, with time-adjusted per sq. ft. values of \$17.19, \$10.90 and \$15.32. An average \$14.47 from these three applied to the subject would indicate a value of \$1,582,510.

Finally, a "fairness and equity" value of \$12.73 per sq. ft. was derived from 39 title transfers dated January 2007 to June 2010. [Board note: the Complainant supplied the first page of a City of Edmonton document, apparently the list of sales supplied online by the City and referred to in point 3 of the Complaint form attachment.] By averaging the \$12.73 "fairness and equity" value and the \$13.86 per sq. ft. value found in the first list of 12 vacant land sales, the Complainant arrived at the requested value of \$13.29 per sq. ft. or \$1,454,335.

In the previous assessment year, the subject had been granted a discount to account for the irregular shape of the property. No such discount had been applied this year. The Complainant drew attention to one of the post facto sales, a triangular lot at 5803 Roper Road, and advised this property had been given a shape adjustment.

The Complainant advised that though the real estate market peaked in 2007 and had since declined, all the sales comparables presented had been positively adjusted by 3% per year, from date of sale to valuation date, July 1, 2007.

POSITION OF THE RESPONDENT

The Respondent presented 3 sales and 6 assessment equity comparables in defense of the assessment. Two of the three sales were just under 3 acres in size, and one was 1.787 acres, for an average lot size of 2.59 acres. The time-adjusted sales prices averaged \$833,388 per acre as compared to the subject assessment of \$713,859 per acre. The six equity comparables included the 3 sales comparables presented, and showed an average assessment of \$16.65 per sq. ft. The assessor acknowledged that the assessment of one of the sales comparables, 721 Parsons Road, was low and likely had not taken into account a superior location. That property was assessed at \$740,834 per acre but had sold in December 2009 at a time-adjusted \$886,880 per acre.

No shape adjustment had been applied in the subject assessment because the 2011 assessment model had not found shape to be a significant value factor.

In response to a Board question, the Respondent noted that the City's time-adjustment had not been raised as an issue, and as the Complainant had not requested the time-adjustment chart, none had been supplied. To the best of his recollection, the assessor advised that 2007 sales had been adjusted upwards until the market peak in November 2007. From January 2008 to November 2008 the market was in decline and a negative time-adjustment had been applied;

from December 2008 through valuation date, no adjustment had been made as the market was essentially stagnant through this period.

DECISION

The CARB confirms the assessment at \$1,792,500.

REASONS FOR THE DECISION

The parties disclosed they were hampered by a complete absence of sales comparables in 2009 and 2010 in the McIntyre Industrial area, an established neighbourhood, and so presented the Board with sales that were 40 blocks (or more) distant from the subject. The CARB heard that there was no significant value difference between IM and IB zoned properties, and saw no evidence to question that assertion.

The Board noted a good number of the comparables presented were located in the developing area of Pylypow, on 55 Avenue near 50 Street. Five of these comparables were sold by the City of Edmonton in the 2009 – 2010 timeframe, four sales at \$595,000 per acre and one sale at \$600,000 per acre. The Board further noted a significant increase in per acre values of vacant land on 55 Ave in closer proximity to 50 Street: a 1.95 acre parcel at 4803 55 Ave sold in February 2008 at an unadjusted \$700,000 per acre; a 1.79 acre parcel one block away at 4903 55 Ave sold in June 2009 for \$782,000 per acre. Over a stretch of some seven undeveloped blocks, one sees a range of value from \$595,000 to \$782,000 per acre. Obviously, the market lesson here is that location plays a big role in valuation.

The Complainant's requested value of \$13.29 per sq.ft. amounts to just under \$579,000 per acre. The CARB was not persuaded that the subject property on developed 53 Avenue in close proximity to active 86 and 91 Streets, should be valued at less than all the comparables presented on 55 Avenue, some 40 blocks east. The CARB noted the Respondent presented as a comparable the lot at the corner of 50 Street and 55 Avenue, that sold for almost \$18 per sq.ft. The Complainant presented the parcel next door at 4803 55 Ave which sold for \$16.07 per sq.ft. unadjusted. Although the Complainant had time-adjusted this sale upwards to \$17.19, evidence from the Respondent indicated it should more properly be adjusted downwards, but to an unknown extent. The CARB finds that the subject, assessed at \$16.39, should properly be valued in between these comparables, less than the corner lot at \$18, but more than the approximate \$16 of the interior lot due to the subject's 53 Avenue location. While the Complainant presented over a dozen properties that sold for less than the subject's valuation, it was not clearly established that these sales better reflected the subject's market value than the Respondent's sales. Accordingly, the CARB declined to alter the assessment.

There was scanty evidence from either party regarding a lot shape adjustment: the Respondent simply advised that shape was not found to be a value factor in the 2011 model; the Complainant mentioned a triangular lot on Roper Road that apparently had been given an adjustment, but offered no documentary evidence in support of this assertion. The commentary supplied to the CARB failed to establish the lot shape as a full-blown issue. An overhead photo of the lot shows its western boundary is arced, abutting a rail spur. The CARB appreciates that few industrial properties are ever developed to high site coverage, and was offered no reason, compelling or otherwise, to consider the irregular shape of the lot would significantly impact its market value.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 2nd day of December, 2011, at the City of Edmonton, in the Province of Alberta.

John Noonan, 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: Edm. Exchanger & Refinery Serv.