



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 703/11

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 January 19, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8888232	6203 Wagner Road NW	Plan: 6214NY Block: 19 Lot: 5 / 6	\$4,388,500	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
Mary Sheldon, Board Member
Ron Funnell, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Susen Douglass, Assessor, City of Edmonton

PRELIMINARY MATTERS

1. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.
2. The parties agreed that, where applicable, submissions, evidence and argument would be carried forward to this file from file 8633653.

BACKGROUND

3. The subject property is a medium warehouse built in 1970 and located in the Davies Industrial West subdivision of the City of Edmonton. It has a site coverage of 35% and a gross building area of 50,572 square feet. There are two buildings on site. The current assessment of the subject property is \$4,388,500.

ISSUE(S)

4. The Complainant had attached a schedule of issues to the complaint form. However, at the time of the hearing, the majority of those issues had been abandoned and the only issues remaining to be decided by the Board were the following:
 - 4.1. Is the assessment of the subject property fair and equitable when considering the sales of comparable properties?
 - 4.2. Is the assessment of the subject property fair and equitable when considering the assessments 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

5. In support of its position that sales data indicate that the current assessment of the subject is not fair and equitable, the Complainant provided a chart of the sales of six properties comparable to the subject (Exhibit C-1, page 8). The Complainant advised the Board that these properties possessed similar attributes to the subject. Sales comparable #2 was a

two building site, similar to the subject. The time adjusted sale price to the valuation date of July 1, 2010 per square foot of main floor space ranged from \$92.27 to \$134.81. The Complainant submitted that this evidence would support a reduction in the assessment of the subject to \$90 per square foot or a total revised assessment of \$3,595,000.

6. The Complainant also provided to the Board a chart of the assessments of comparable properties (Exhibit C-1, page 9). The location of the majority of these comparables was very similar to that of the subject. The assessments per square foot of these four comparable properties ranged from \$86.99 to \$99.02. The Complainant argued that this showed that the current assessment for the subject at \$109.86 per square foot was too high and that an assessment of \$95.00 per square foot would be fair and equitable. This would translate into a total assessment for the subject of \$3,794,500.
7. The Complainant also submitted to the Board that the method used by the City of Edmonton for assessing properties with multiple buildings on site was flawed and that a purchaser considering a purchase of a site would evaluate the site as a whole and not assign a market value to each building. He indicated that the City of Edmonton assigned a separate value for each building on a multi-building site and that this inflated the assessment. In support of this argument, he presented a rebuttal package (Exhibit C-2) which, he indicated, contained examples of assessments of sites containing multiple buildings located on a single titled parcel being higher than assessments of comparable sites containing only one building.
8. The Complainant requested that the Board reduce the current assessment of the subject to \$3,595,000.

POSITION OF THE RESPONDENT

9. In support of its position that the current assessment of the subject is fair and equitable, the Respondent provided to the Board a chart of five sales of properties similar to the subject (Exhibit R-1, page 19). The time adjusted sale prices per square foot of these comparables ranged from \$91.52 to \$124.68. The Respondent argued that this supported the assessment per square foot of the subject at approximately \$109.86 per square foot. One of those comparables had three buildings on site while the other comparables possessed a single building. The property at 6910 - 76 Avenue sold twice with very similar time adjusted values per square foot.
10. The Respondent also provided a chart of four equity comparables to the Board and stated that these comparables supported the assessment of the subject. One of those comparables was the subject property (Exhibit R-1, page 20). The assessments per square foot of those properties ranged from \$82.29 to \$122.16.
11. The Respondent requested that the Board confirm the current assessment of the subject property at \$4,388,500.

DECISION

12. It is the decision of the Board to reduce the assessment of the subject property for 2011 from \$4,388,500 to \$3,794,500.

REASONS FOR THE DECISION

13. The Board accepts the Complainant's argument that this multi-building industrial warehouse property should be assessed in accordance with its market value as one property under one Assessment Roll and compared with other developments of similar size and which appear on a single assessment roll. The Complainant argued further that the model used by the City of Edmonton in calculating the value of multi building parcels on a single assessment roll resulted in an inflated value. The Board recognizes that multiple buildings on a site on one assessment roll might have vast differences in size and condition. However, in the opinion of the Board, it should be recognized that if the multi-building parcel is on one title, a purchaser would look to a value of the parcel as a whole and thus the value should reflect the market value of similar properties.
14. The Board first reviewed the sales data and evidence presented by the parties to determine if the assessment of the subject is fair and equitable. The Board notes that all of the Complainant's comparables are newer than the subject and the majority of the comparables have upper office space. As well, the Board notes in particular that sales comparable #5 at 9304 - 60 Avenue has a similar size and site coverage to the subject and has a time adjusted sale price per square foot of \$124.69. However that comparable also appears as an equity comparable of the Complainant with an assessment per square foot of \$95 in contrast to the assessment per square foot of the subject at \$109.86. However, the Board heard evidence that the sale price of that comparable may have been inflated as a result of an anticipation of increases in lease rates.
15. The Board then turned to the sales evidence presented by the Respondent and notes that comparable #3 is the same as the Complainant's #5 which has a time adjusted sale price per square foot of \$124.68. The assessment per square foot on this comparable, however, as noted above is \$95 per square foot. As for the Respondent's sales comparable #1 the property has three buildings, and is located on Argyll Road, a major roadway. This would add an upward adjustment to that assessment thereby bringing into question the element of comparability..
16. Turning to the equity comparables, the Board notes that of the four equity comparables presented by the Complainant, one is also the sales comparable at 9304 - 60 Avenue mentioned in the sales data of both parties as having a time adjusted sales price per square foot of \$124.68 while the assessment per square foot of this property is \$95.00 per square foot. Since this equity comparable is similar to the subject in terms of age, size, site coverage and main floor space and reflects an assessment of \$95 per square foot, but with a significantly higher sales value, does bring into question the correctness of the assessment of the subject.

17. The Respondent presented four equity comparables of which one is the subject. The remaining properties used as equity comparables are all a decade newer than the subject and therefore not as persuasive as comparables.
18. In conclusion, the Board places little weight on the sales comparables presented by either party. In particular, the Board is of the opinion that the sales comparables provided by the Complainant do not support a reduction in the assessment to the extent as sought in their submission of \$90 per square foot. In particular, the comparables are all newer and have significant upper office space which may have a downward adjustment on the assessment. Further, the Board is also of the opinion that the sales comparables provided by the Respondent do not support the assessment in that the sales comparables are newer, and one is a three building parcel and is situated on a major roadway. The Board was most persuaded by the property at 9304 60 Avenue in that it is assessed at \$95.00 per square foot and is similar in many respects to the subject. Therefore, in the opinion of the Board, a fair and equitable assessment for the subject would be \$95.00 per square foot for a total assessment of \$3,794,500

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 31st day of January, 2012, at the City of Edmonton, in the Province of Alberta.

Steven Kashuba, 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: WAYNE CONSTRUCTION LTD.