



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 823/11

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 March 14, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1075779	4740 94 Avenue NW	Plan: 7820294 Block: 9 Lot: 8	\$6,138,500	Annual New	2011

Before:

James Fleming, Presiding Officer
Dale Doan, Board Member
Petra Hagemann, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group Ltd

Persons Appearing on behalf of Respondent:

Joel Schmaus, Assessor, City of Edmonton
Cherie Skolney, 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 Assessment Review Board (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. The CARB Members indicated that they had no bias with regard to this file. The parties indicated that they had no objection to the composition of the CARB.

BACKGROUND

3. The subject property is a large warehouse zoned IB located at 4740-94 Avenue in Eastgate Business Park. It was built in 1979, has a gross building area of 80,000 square feet (sq ft), no upper finished space and occupies 50% of a 161,602 sq ft lot. The property is valued using the direct sales comparison approach.

ISSUE(S)

4. Seven issues were outlined in the Complainant's brief (C-1, pg 3), however the Complainant advised that only issue #4 "*the assessment of the subject property is in excess of its market value for assessment purposes*" remained as the main issue and sales of comparable properties were to be used to challenge the 2011 assessment.

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 Complainant submitted a 38 page brief (C-1) containing six sales comparables to challenge the correctness of the 2011 assessment of the subject property. Comparable #1 and #4 were located in south Edmonton as is the subject, the other four in different

locations throughout the City. The dates these properties were sold ranged from May 2007 to June 2010. The comparables were built between 1964 and 1979. The sizes of the buildings ranged from a gross building area of 32,248 sq ft to 79,629 sq ft. Three of these properties had upper office space whereas the subject does not. The time adjusted sales prices for leasable space ranged from \$60.45/sq ft to \$89.22/sq ft with an average of \$73.02/sq ft and a median of \$72.38/sq ft. The Complainant used the time adjustment factors as provided by the City (C-1, pg 12).

6. Based on the above sales comparables, the Complainant requests the 2011 assessment be reduced from \$76.73/sq ft to \$72.00/sq ft or \$5,760,000.

POSITION OF THE RESPONDENT

7. The Respondent submitted an 80 page brief (R-1) defending the assessment of the subject property. This brief contained analysis of the Complainant's sales comparables (R-1, pg 20-26), six comparable sales (R-1, pg 27) and five equity comparables (R-1, pg 36) indicating the 2011 assessment is fair and equitable.
8. The Respondent advised the CARB that each one of the six sales comparables used by the Complainant was lacking in comparability for a variety of reasons (see summary R-1, pg 26) and therefore the time adjusted sales price for their leasable areas should be adjusted to allow comparability.
9. The Respondent provided the CARB with six comparable sales in the general area of the subject property. Four of these properties sold in 2007 and two in 2010. The effective years built ranged from 1961 to 1998; the subject was built in 1979. They ranged in site coverage from 28% to 52%, the subject's site coverage is 50%. Four have no upper finished space similar to the subject. The total building areas ranged from 72,631 sq ft to 89,449 sq ft compared to the 80,000 sq ft size of the subject. The time adjusted sales prices per total area ranged from \$70.01/sq ft to \$116.06/sq ft.
10. The Respondent suggested the CARB place little weight on comparable #4 and #5 (the same property) as it has 6 building on site which are assessed on a cost basis and would distort the cost per sq ft of the property. The only building to be used on the direct sales model is 78,938 sq ft. which would change the time adjusted sales price from \$81.12/sq ft to \$91.92/sq ft.
11. The Respondent further included five equity comparables to indicate the assessment of the subject is fair and equitable. These properties are similar to the subject in location, age and condition. All except one have no upper finished office space, the total building sizes range from 57,888 sq ft to 114,562 sq ft and the site coverages range from 32% to 50%. The assessments range from \$71.64/sq ft to \$101.35/sq ft supporting the assessment of the subject property.
12. The Respondent requests the CARB to confirm the 2011 assessment at \$76.73/sq ft or \$6,138,500

DECISION

13. The decision is to deny the complaint and to confirm the 2011 assessment of the subject property at \$6,138,500.

REASONS FOR THE DECISION

14. The CARB reviewed all the evidence and argument. In order to aid in the comparison of the Comparables relative to the subject, it should be recalled that the subject was built in 1979; it sits on a site of 161,602 sq. ft. and has 50% site coverage based on 80,000 sq. ft. improvement.
15. The Complainant provided six sales comparables (C-1, pg 8) which they asserted could be adjusted where necessary to support their request for a value of \$72.0/sq. ft. The comparables of the Complainant required adjustments for location (4 were in the northwest quadrant of the City), year of construction (1964 to 1979), site area (60,289 to 161,602 sq. ft.), site coverage (41% to 53%), size of the improvement (32,248 to 80,000 sq. ft.), and amount of finished upper level space (0 to 6,548 sq. ft.). In addition, one of the Comparables was in Fair condition compared to the Average condition of the rest of the comparables and the subject.
16. The Respondent provided six sales comparables, one of which (5705 Calgary Tr.) was common to both parties. These comparables required adjustment for sale date (Feb. 07 to Jun. 10) age (1961 – 1998), site coverage (28% to 52%), amount of finished upper level space (0 to 17330 sq. ft.) and size (63,652 to 89,449 sq. ft.). In addition, and as pointed out by the Complainant in their Rebuttal (C-2 pg 2), 2 of the Respondents Comparables were located on major roadways and as well, one of the Comparables is a multiple building property which might have impacted the motivation and the sale price.
17. In evaluating the presentations, the CARB was concerned because neither party provided sufficient evidence for the CARB to understand the magnitude of the adjustments required to make the Comparables compare with the subject. The only “solid” evidence demonstrating support for any adjustment was the time adjustment where both parties accepted the City’s time adjustment study (C-1 pg 12). In addition both parties provided commentary on the need for adjustments to the other party’s Comparables. The CARB found that there were too many “types” of adjustments to be made (i.e.: location and size and site coverage and finished upper level etc.), and in addition, there was little if any evidence showing/proving the magnitude of any adjustment (except for the time adjustment noted above). The Complainant’s “unadjusted” comparables ranged from \$70.01 to \$89.22 all per sq. ft. Likewise, the Respondent’s “unadjusted” comparables also exhibited a wide range, from \$70.01 to \$116.07 per sq. ft., compared to the subject’s \$76.73 per sq ft.
18. Accordingly, the CARB put little weight on the Comparable evidence of either party because of the lack of evidence to quantify “any” of the adjustments.

19. Although the burden of proof is on the Complainant to show that the assessment is incorrect, and this was not done as is outlined above, the CARB also considered the five equity comparables provided by the Respondent (R-1 pg. 36). The CARB concluded that because four of the five equity comparables were assessed higher than the subject property and because of similarities of these properties, there was support that the subject property was fairly and equitably assessed.

DISSENTING OPINION AND REASONS

20. There was no dissenting opinion.

Dated this 16th day of March, 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: CANADIAN PROPERTY HOLDINGS INC