



## ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL  
1 SIR WINSTON CHURCHILL SQUARE  
EDMONTON AB T5J 2R7  
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### NOTICE OF DECISION NO. 0098 178/10

Altus Group Ltd.  
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 August 10, 2010 respecting a complaint for:

<b>Roll Number</b> 4995908	<b>Municipal Address</b> 8715 126 Avenue NW	<b>Legal Description</b> Plan: 1206MC Block: 59A Lot: 8
<b>Assessed Value</b> \$1,445,000	<b>Assessment Type</b> Annual - New	<b>Assessment Notice for:</b> 2010

#### Before:

Ted Sadlowski, Presiding Officer  
Mary Sheldon, Board Member  
Brian Carbol, Board Member

#### Board Officer:

Segun Kaffo

#### Persons Appearing: Complainant

Walid Melhem, Altus Group

#### Persons Appearing: Respondent

Blaire Rustulka, Assessment and Taxation

### PRELIMINARY MATTERS

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.

The Complainant raised a preliminary issue alleging that the Respondent was in violation of Section 8 of the *Matters Relating to Assessment Complaints Regulation*, AR 310/2009. According to the allegation, the Respondent's summary of the testimonial evidence was not in "sufficient detail to allow the Complainant to respond to or rebut the evidence at the hearing."

The Board did not concur with the allegation and considered that the summary of testimonial evidence provided by the Respondent was sufficient. As a result, the preliminary issue was denied.

## **BACKGROUND**

The subject property is a small warehouse located in the Yellowhead Corridor East subdivision of the City of Edmonton. The property has a lot size of 36,275 square feet with site coverage of 45% and is zoned IM (Medium Industrial). The subject is a specialty property and is configured as a food processing plant with freezers and cold storage buildings. The subject has no direct access to a major roadway.

## **ISSUES**

The Complainant attached a schedule to the complaint form listing numerous issues. However, most of these issues were abandoned. The issues that remained to be decided were as follows:

1. Is the assessment of the subject property fair and equitable considering the assessed value and assessment classification of comparable properties?
2. Is the classification of the subject property fair, equitable and correct? Specifically, is the improvement value placed on the subject correct and do the net items have the correct age-life and depreciation applied?

## **LEGISLATION**

### ***The Municipal Government Act, R.S.A. 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.*

### ***The Matters Relating to Assessment Complaints Regulation, AR 310/2009;***

*s.8 (2) If a complaint is to be heard by a composite assessment review board, the following rules apply with respect to the disclosure of evidence:*

- (b) the respondent must, at least 14 days before the hearing date,*
- (i) disclose to the complainant and the composite assessment review board the documentary evidence, a summary of the testimonial evidence, including a signed witness report for each*

*witness, and any written argument that the respondent intends to present at the hearing in sufficient detail to allow the complainant to respond to or rebut the evidence at the hearing.*

### **POSITION OF THE COMPLAINANT**

1. The Complainant acknowledged that the cost approach had been used in valuing the subject property (C-1, page 10). With respect to the improvements which have an effective year built of 1999, the Complainant argued that rather than an age life of 40 years being added to the net items and 11% depreciation, the correct values should be to apply a 20 year age life and 40% depreciation (C-1, page 11). In support of this argument, the Complainant supplied the Board with a chart of the depreciation rates to be applied to commercial properties from the Marshall Valuation Service (C-1, page 25).
2. The Complainant agreed with the Respondent that the cost approach to value was the correct approach to use in assessing the subject since this property was unique in many aspects, as a result of the specialty features required by the property owner. However, the Complainant indicated to the Board that the value applied to the land portion was incorrect. In support of this argument, the Complainant supplied a chart of land value equity comparisons (C-1, page 8). This chart showed that the average assessment per square foot of similar land properties was \$13.16 while the subject was assessed at \$13.90 for the land (C-1, page 8).
3. Based upon a lot size for the subject of 36,274 square feet and applying a value of \$13.16 per square foot, and adding an amended cost for the improvements at \$926,542, the Complainant requested the Board to reduce the value of the subject to \$1,403,500 (C-1 page 9).

### **POSITION OF THE RESPONDENT**

1. The Respondent disputed the Complainant's claim that the incorrect depreciation and age life had been applied to the net items.
2. The Respondent indicated that the value attributed to the land portion was correct. In support of this argument, the Respondent provided a chart of land sales of similar properties (R-1, page 11). This chart showed a time adjusted sale price per acre of \$650,919 while the assessment of the subject was \$605,042 per acre (R-1, page 11).
3. The Respondent also provided a chart of equity comparisons of land similar to the subject. (R-1, page 12). This chart showed a range of assessments per square foot from \$13.03 to \$14.60. The assessment per square foot of the subject was \$13.89 (R-1, page 12).

### **DECISION**

The decision of the Board is to reduce the 2010 assessment from \$1,445,000 to \$ 1,403,500.

### **REASONS FOR THE DECISION**

1. With respect to issue # 1 regarding the fairness of the assessment of the subject property in relation to the assessments of comparable properties, the Board concludes that the

value attributed to the land portion of the subject under the cost approach by the Respondent is incorrect. The Board acknowledges the Complainant's submission that the sales comparisons provided by the Respondent to support the value of the land ought to be given little weight given that equity is the issue. In addition, the Board notes that four of the Respondent's land sales comparables are in the north west area of the city while the subject is located in the north east. With respect to the equity comparables, the Board placed more weight on the equity comparables provided by the Complainant. Equity comparables provided by the Complainant, in particular #3 which has the same zoning and a very similar size to the subject as well as being located in close proximity, support the request for a reduction in the assessment. In contrast, equity comparables #1, 2 and 5 provided by the Respondent are all significantly different in size than the subject and should be disregarded. The value per square foot of the remaining equity comparables presented by the Respondent supports the request for a reduction to \$13.16 per square foot.

2. With respect to issue # 2, the Board concludes that the evidence led by the Complainant supports a reduction in the depreciation applied to the net items. The Board notes that while the Respondent disputed this reduction, he did not provide any evidence to support his claim that this reduction was not warranted.

#### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 9th day of September, 2010, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski  
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, R.S.A. 2000, c.M-26.*

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CC: Municipal Government Board  
Fabko Food Ltd