



**Composite Assessment Review Boards**

**REGIONAL MUNICIPALITY OF WOOD BUFFALO BOARD ORDER CARB 2015-014**

**IN THE MATTER OF A COMPLAINT** filed with the Regional Municipality of Wood Buffalo Composite Assessment Review Board (CARB) pursuant to Part 11 of the *Municipal Government Act* being chapter M-26 of the revised statutes of Alberta 2000.

**BETWEEN:**

718721 Alberta Ltd. as represented by MNP LLP – Complainant

- and -

Regional Municipality of Wood Buffalo (RMWB) – Respondent

**BEFORE:**

Members:

L. Wood, Presiding Officer

I. Dewan, Member

S. Odemuyiwa, Member

Staff:

S. Soutter, Clerk

**BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT**

[1] A hearing was convened on Saturday, October 17, 2015, in the Council Chambers of the Regional Municipality of Wood Buffalo, located at 9909 Franklin Avenue, Fort McMurray, Province of Alberta to consider a complaint about the assessment of the following property:

<b>Assessment Roll Number</b>	30601940
<b>Civic Address</b>	242 MacAlpine Crescent, Fort McMurray AB
<b>Owner</b>	718721 Alberta Ltd.
<b>Assessed Value</b>	\$8,839,000
<b>File Number</b>	15-040

[2] The subject property is a 2.0 acre site located in the community of MacKenzie Southwest. The land parcel is improved with a 22,800 square foot multi-tenanted warehouse that was built in 1976. The site coverage ratio is 28%. The land is zoned Business Industrial (BI). The subject property was assessed based on the Income Approach to Value. The only issue before the Board is the Market Net Rental Rate of \$39.00 psf; the remaining variables used in the income approach are not in dispute.

### **PROCEDURAL MATTERS**

The CARB derives its authority to make decision under Part 11 of the *Municipal Government Act*, R.S.A. 2000, c. M-26.

[3] The parties confirmed that they had no objections to the composition of the Board.

[4] At the commencement of the hearing, the parties requested that the evidence and argument submitted in this hearing be cross referenced to the subsequent hearing before the Board as the properties are similar (File 15-041 – Board Order 2015-015). The Board agreed to the parties’ request. It is further noted that the rebuttal filed by the Complainant in this instance applies to both complaints (Exhibit C2).

### **ISSUES**

[5] Based on equity, the subject property’s market net rental rate of \$39.00 psf should be revised to \$36.00 psf.

**COMPLAINANT’S REQUESTED VALUE: \$8,153,000**

### **MERIT MATTERS**

#### ***Position of the Complainant***

[6] The Complainant submitted that the Market Net Rental Rate applied to the subject property of \$39.00 psf should be revised to \$36.00 psf (Exhibit C1 page 19). The Complainant submitted that similar industrial warehouses located within close proximity to the subject property with similar site coverage ratios are assessed with a market net rental rate of \$36.00 psf. Based on equity, the same assessed rate should apply to the subject property.

[7] The Complainant submitted four equity comparables ranging in size from 12,925 square feet to 96,885 square feet, with site coverage ratios from 16% to 25%, and built from 1976 to 1998. The assessed lease rates range between \$35.00 psf and \$36.00 psf, with a median assessed lease rate of \$36.00 psf and an average assessed lease rate of \$35.75 psf. The Complainant noted that the median attributes are 14,757 square feet in size, 19% site coverage ratio, and built in 1982, and the average attributes are 34,831 square feet in size, 28% site coverage, built in 1976. He noted that the comparable located at 284 MacDonald Crescent is a multi - building industrial property. The Complainant also indicated that the comparable located at 133 MacDonald Crescent which has a market net rental rate of \$35.00 psf was adjusted for excess land (Exhibit C1 page 31).

[8] In rebuttal, the Complainant submitted that the Respondent's assessment brief and rental information provided in response to a section 299 request does not specify the space type (i.e. single tenant or multi -tenant, retail or industrial) which impedes the ability to accurately compare surrounding properties to the subject property (Exhibit C2 pages 5 - 25).

[9] Based on equity, the Complainant requested that the assessed rental rate be reduced to \$36.00 psf, and the assessment for the subject property be revised to \$8,153,500.

***Position of the Respondent***

[10] The Respondent submitted that the subject property was assessed based on the income approach to value. The Respondent stated that the income approach was the preferred method to value multi - tenanted warehouses, as opposed to the sales comparison approach, given the income and expense data that they had received. The Respondent noted that the income approach was based on triple net rent, and tenants are also responsible for property taxes, insurance and maintenance. The Respondent submitted that the assessed lease rate of \$39.00 psf was applied to multi - tenanted warehouses as these properties would achieve a higher market rent than a single tenanted industrial property.

[11] The Respondent submitted five industrial warehouses in which the assessed rate of \$39.00 psf was applied (Exhibit R1 page 19). The comparables are located in close proximity to the subject property. These are multi - tenanted warehouses built in 1978 to 1998, with gross lease areas ranging from 15,749 square feet to 29,203 square feet. The Respondent submitted the subject property is also a multi - tenanted warehouse, and it fits within the range with a gross lease area of 20,800 square feet, built in 1976.

[12] The Respondent argued that the Complainant failed to submit properties that were similar to the subject property. The Respondent submitted that the Complainant's comparables are predominantly single tenanted warehouses exhibiting a much wider size range from 7,577 square feet to 46,895 square feet. The Respondent also noted that the property located at 284 MacDonald Crescent is a multi - building industrial site and is not comparable to the subject property. The Respondent acknowledged the comparable located at 133 MacDonald Crescent received a lower assessed lease rate of \$35.00 psf; however, it is a "low cost" warehouse, without any office finish.

[13] The Respondent submitted that the assessed lease rate of \$39.00 psf applied to the subject property is equitable and requested that the assessment be confirmed.

### **FINDINGS**

[14] The Board finds that there was insufficient evidence presented to revise the current assessed lease rate.

### **DECISION**

[15] It is the Decision of the Composite Assessment Review Board to confirm the assessment for the subject property at \$8,839,000.

### **REASON FOR DECISION**

[16] The Board placed little weight on the comparables presented by the Complainant as they are not similar to the subject property in terms of leasable area and tenancy. In addition, the Complainant was unable to demonstrate how a multi - building industrial site that contains six, single - tenanted warehouses is similar to the subject property. The Board was also not convinced by the Complainant's two warehouses classified as 'Small', given the subject property is classified as a 'Medium' warehouse. The Complainant also failed to show how a low cost warehouse with no office finish is comparable to the subject property.

[17] The Board was persuaded by the Respondent's comparables, all of which are multi - tenanted industrial warehouses similar to the subject property, and exhibit a closer range of gross leasable areas, within which the subject property falls.

[18] In coming to its conclusion, the Board has reviewed carefully the provisions of the *Municipal Government Act* ("MGA"), the *Matters Relating to Assessment Complaints Regulation* ("MRAC") and the *Matters Relating to Assessment and Taxation Regulation*

("MRAT").

[19] It is so ordered.

**DISSENTING OPINION**

[20] There was no dissenting opinion.

[21] The decision of the Composite Assessment Review Boards is final and binding on all parties, subject only to appeal to the Court of Queen's Bench on a question of law or jurisdiction with respect to the decision in accordance to section 470 of the *Municipal Government Act*, R.S.A 2000, c. M-26.

Dated at the Regional Municipality of Wood Buffalo in the Province of Alberta, this  
17th day of November 2015.

FOIP Act s.17(1)



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For: L. Wood, Presiding Officer

**APPENDIX A**

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DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB

<b>Exhibit Number</b>	<b>Description</b>
C1	Complainant's Brief
C2	Complainant's Rebuttal
R1	Respondent's Brief
R2	Respondent's Appendix

**APPENDIX B**

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REPRESENTATIONS

<b>Person Appearing</b>	<b>Capacity</b>
W. Melham	Agent, MNP LLP
S. Bosgra	Assessor, Regional Municipality of Wood Buffalo
M. Moore	Assessor, Regional Municipality of Wood Buffalo

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