

NOTICE OF DECISION NO. 0098 125/12

Altus Group
780-10180 101 Street NW
Edmonton, AB T5J 3S4

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 July 4, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8954588	3203 97 Street NW	Plan: 7821552 Block: 5 Lot: 4	\$4,190,500	Annual New	2012

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: CAPCITY PROPERTIES INC

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 1096

Assessment Roll Number: 8954588

Municipal Address: 3203 97 Street NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

John Noonan, Presiding Officer

Petra Hagemann, Board Member

Preliminary Matters

[1] One of the scheduled panel members was unable to attend, and the hearing proceeded before a panel of two members, a quorum, as allowed per s. 458(2) of the *Municipal Government Act*, RSA 2000 c M-26 [MGA].

Background

[2] The subject property is an industrial warehouse located at 3203 97 Street NW in the Parsons Industrial business park in the City of Edmonton. The lot size is 100,309 sq. ft. and contains two separate buildings, one 26,408 sq ft including 6,287 sq ft of main floor office space and a finished mezzanine area of 6,287 sq ft. and a second building of 13,584 sq ft with 4,180 sq ft of main floor office space. The total footprint of the two buildings is 39,992 sq ft which results in a site coverage of 34%. Both buildings were constructed in 1979. The assessment was prepared by the direct sales comparison approach utilizing sales occurring from January 2008 through June 2011.

Issues

[3] An overriding argument in this complaint was the assessment treatment of properties having more than one building. The model values each building separately, as if it were a stand-alone structure on its own title, in comparison to other properties of similar size, age and other attributes. The aggregate value of all the buildings on the roll is the final assessed amount. The Complainant argues this method is flawed as it overstates the value of properties with multiple buildings. The parties gave extensive evidence and argument on this issue for roll # 8956047 and

asked the Board to carry forward their comments as applicable to this roll number and others heard by the same panel later in the week with similar circumstances. The affected rolls were #8956047, #8953754, #9966518, # 1075506 and #8954588.

[4] At the hearing, the CARB heard evidence and argument on the following issues:

1. Is the assessment excessive considering the subject property sold March 31, 2008 for \$3,525,000?
2. Is the subject fairly assessed in view of comparable sales that indicate a market value of \$3,279,000?
3. Is the subject equitably assessed in view of assessment comparables suggesting a value of \$3,599,000?

Legislation

[5] The MGA reads:

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.

...

s 458(1) Two members of a local assessment review board referred to in section 453(1)(d)(i) constitutes a quorum of the local assessment review board.

(2) The provincial member and one other member of a composite assessment review board referred to in section 453(1)(c)(i) constitutes a quorum of the composite assessment review board.

Position Of The Complainant

[6] The Complainant submitted a brief to the Board contesting the correctness of the 2012 assessment.

[7] The Complainant informed the Board that the subject property had sold March 31, 2008 for \$3,525,000 and when time adjusted to the valuation date, would result in a value of \$3,250,000 which is considerably lower than the current assessment.

[8] The Complainant provided the Board with five sales comparable including the subject property.

	Subject	Comparables Range
Lot size sq. ft	100,305	62,648 – 148,547
Site Coverage %	34	27 - 44
Leasable area	39,992	38,868 – 49,999
TASP/sq. ft.	104.78 (assessment)	65.29 – 81.45

[9] On the market evidence, the Complainant argued that the subject should be assessed at \$82.00/sq ft which would yield a value of \$3,279,000. The Complainant further argued that the comparable sales put forth by the Respondent were much smaller in size and therefore not comparable to the subject at 39,992 sq ft.

[10] The Complainant took issue with the Respondent's method of assessing multi-building properties: each building was assessed in isolation, with assessment parameters derived from single building properties, and then aggregated. The Complainant suggested this method overstated the value of a single-titled property. In the market, the subject would trade as one parcel, not as the sum of two individual buildings, each on its own title.

[11] The Complainant submitted five assessment comparables similar to the subject in location, age, site area, site coverage, and leasable area. The assessments of these properties average \$92.80/sq ft and their median is \$94.50/sq ft suggesting an assessment of \$90.00/sq ft for a value of \$3,599,000 would be equitable.

	Subject	Comparable Range
Lot size sq. ft.	100,305	73,625 – 109,365
Site coverage %	34	36 – 39
Leasable Area	39,992	38,198 – 49,976
Assessment per sq. ft.	104.78	\$83.62 – \$98.23

Position Of The Respondent

[12] The Respondent urged the Board to discount the sale of the subject in March 2008 as an indicator of value at July 1, 2011. At the time of sale, the rear building was valued on a cost basis, implying that the structure was in need of repair, and the cost treatment was continued through the 2011 assessment. A site inspection in 2011 determined the rear building should revert to the sales comparison method, the implication being that repairs had been carried out in the intervening years. What had sold in 2008 was different from the average condition of the property as it stood today. The rear building still received a 10% reduction in assessment, in recognition of its lack of street visibility.

[13] The Respondent presented two sets of sales comparables: a group of four selected for similarity to the larger 26,408 sq ft building and a further ten sales similar to the smaller 13,584 sq ft second building on site, the rear building. The comparables were advanced as being on interior lots, like the subject, and similar in age, condition, site coverage and size. The first group showed time-adjusted per sq ft sales prices ranging from \$109.55-\$141.09 and the second group

a range from \$111.58-\$129.64 with one exception at \$141.16. In comparison, the subject was assessed at \$104.78 per sq ft overall.

[14] Addressing the issue of assessment equity, the Respondent again presented two sets of comparables, each set selected as to size similarity of the two subject buildings. Six comparables were advanced for the larger building and four as similar to the smaller. In each case the comparable was a single building. A further nine comparables were submitted, all two-building properties, to show equitable treatment of the overall subject property.

[15] The Respondent defended the method of assessing multiple building properties, observing that the cost of construction for such a property would be higher, could lead to greater diversity of leasing options for a landlord, among other benefits. The Respondent submitted that the Complainant's analysis or lack of analysis of the multi versus single property sales did not meet the onus required to show the alleged error in the City's ways.

Decision

[16] The Board reduces the assessment to \$3,706,000.

Reasons For The Decision

[17] The Board gave a fuller airing to the argument over multiple versus single building property assessment methodology in the decision for roll 8956047. The Board concluded in that decision that each complaint must be decided on the strength of evidence in each case, that there was no wrong or correct method, in the Board's judgment, that applied in all cases at all times. In this case, the Board agreed with the Complainant that valuing the two separate buildings in comparison to other similarly-sized buildings on their own title would tend to overestimate the value of the subject. The Assessor's application of a 10% reduction to the assessed value of the rear building acknowledges its shortcomings with respect to street visibility, and reduces at least some of the premium valuation that the City attributes to two-or-more-building developments as compared to single buildings of the same total area. The Board agrees with the Complainant's observation that a buyer would look at the subject property as a 40,000 sq ft lump of space whose individual bays would likely generate \$X of annual rent, rather than as the sum of a 26,000 and 14,000 sq. ft. building, each on its own title.

[18] The Board discounted the subject sale in 2008 due to concerns raised that what sold at that time was not necessarily in the condition that prevails today.

[19] The Board found that the sales presented by both parties were sufficiently dissimilar in site coverage and size that hard value conclusions applicable to the subject could not be easily drawn.

[20] The best evidence of value before the Board came from the Complainant's equity evidence, two properties that closely bracket the subject's 100,305 sq ft lot at 104,000 and 97,300 sq ft. These two properties had building sizes of 39,255 and 39,234 sq ft compared to the subject's total area of 39,992 sq ft. It could be argued that those two comparables are superior to the subject in that both have 3,000-4,000 additional sq ft of main floor development. Those comparables were assessed at an average \$92.67 per sq ft, and the Board decided the subject's estimate of market value would not likely exceed that average given the very similar property sizes.

[21] Accordingly, the Board applied an equitable rate of \$92.67 to the subject's 39,992 sq ft to arrive at a value of \$3,706,000.

Heard July 4, 2012.

Dated this 10th day of August 2012, at the City of Edmonton, Alberta.

John Noonan, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Will Osborne, City of Edmonton
for the Respondent