

NOTICE OF DECISION NO. 0098 128/12

Altus Group
780-10180 101 St 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 5, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9564055	3645 73 Avenue NW	Plan: 7821234 Block: 8 Lot: 6	\$2,489,000	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: MLR HOLDINGS LTD..

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 955

Assessment Roll Number: 9564055

Municipal Address: 3645 73 AVENUE 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
Dale Doan, Board Member
Petra Hagemann, Board Member

Background

[1] The subject property is a medium warehouse located at 3645-73 Avenue NW in the Weir Industrial subdivision. It was built in 1996, has a main floor area of 13,750 square feet, a lot size of 57,199 square feet, with site coverage of 24%. The 2012 assessment as prepared by the direct sales comparison approach is \$2,489,000.

Issue(s)

[2] Is the assessment excessive based on comparable sales in the area?

Legislation

[3] The *Municipal Government Act* reads:

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

[4] The Complainant submitted a 36-page brief challenging the correctness of the assessment. The brief contained four sales of comparable properties, lease comparables, a chart of time adjustment factors, as well as third party documents with details of each sale.

[5] The Complainant argued that the four comparable sales were similar to the subject in location, age, site area, site coverage and building footprint. These sales when time adjusted ranged from \$130.18 per square foot to \$216.93 per square foot with an average of \$164.75 and a median of \$155.96 per square foot.

[6] Based on these sales, the Complainant requested the Board to reduce the assessment of the subject property from \$181.02 per square foot to \$155.00 per square foot for a total of \$2,231,000.

Position of the Respondent

[7] The Respondent submitted a 26-page assessment brief (R-1) and Law and Legislation documentation (R-2) to defend the assessment of the subject property. The brief reviewed the Mass Appraisal process as well as factors affecting valuation of warehouse properties. These are: location, size of lot, age and condition of the buildings, total area of the main floor (per building), amount of finished area on the main floor as well as developed upper area.

[8] The Respondent provided the Board with a Detail Report for the subject property which indicated that the 13,750 square feet on the main floor included 6,032 square feet of finished office space. This had been omitted in the documentation provided by the Complainant.

[9] The Respondent presented five sales comparables, noting that most were similar to the subject in age and location and ranged in time adjusted sales price from \$185.06 per square foot to \$231.80 per square foot, supporting the assessment of the subject at \$181.02 per square foot.

[10] Although equity was not an issue raised by the Complainant, the Respondent included assessments of six properties located in the same and adjoining industrial subdivision as the subject. The assessments ranged from \$181.30 to \$203.10 per square foot further indicating that the assessment of the subject is equitable.

[11] The Respondent requested the Board to confirm the 2012 assessment of \$2,489,000.

Decision

[12] The decision of the Board is to confirm the 2012 assessment of the subject property at \$2,489,000.

Reasons for the Decision

[13] The Board examined the sales comparables provided by the Complainant and found that the property located at 4611 Morris Road is the smallest property with normal site coverage, whereas the subject and the other three comparables have lower site coverage. The Board is of the opinion that the methodology of compressing substantial land value into a per square foot structure value is full of pitfalls and distorts the assessment per square foot. This is evident when comparing the time adjusted sales price of the above property with the remaining sales comparables provided by the Complainant and may account for the low time adjusted sales price of \$130.18 per square foot.

[14] The Board placed less weight on three comparables provided by the Respondent as they were much smaller in size than the subject. One comparable sale was also utilized by the Complainant. The Respondent's sale located at 17733-114 Avenue was found to be comparable to the subject.

[15] By averaging four sales provided by the Complainant and one from the Respondent, a value of \$171.69 per square foot was derived. This falls within 5.2 % of the subject's assessment. The Board is not usually in the habit of changing an assessment if the Board's estimate of the market value is within 5% of the current assessment.

[16] By omitting the comparable on Morris Road, a property with more normal site coverage, and averaging the remaining three sales comparables provided by the Complainant and one of the Respondent, a time adjusted value of \$182.02 per square foot was derived. This also supports the assessment of the subject.

[17] The Board was further persuaded by the equity comparables provided by the Respondent which were similar in location, size and ranged in assessments between \$181.30 and \$208.00 per square foot.

Heard July 5, 2012.

Dated this 3rd day of August, 2012, at the City of Edmonton, Alberta.

Petra Hagemann, Board Member

Appearances:

Altus Group
for the Complainant

Will Osborne
for the Respondent