

NOTICE OF DECISION NO. 0098 143/12

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 17, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9971414	18330 102 Avenue NW	Plan: 9923740 Lot: 1E / SW 4-53-25-4	\$4,285,500	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: YORK REALTY INC

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 001061

Assessment Roll Number: 9971414

Municipal Address: 18330 102 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
Jack Jones, Board Member
Pam Gill, Board Member

Background

[1] The subject property is a 42,239 square foot medium warehouse built in 1996 in the Morin Industrial subdivision of the City of Edmonton. It covers 37% of a 113,494 sq.ft. lot and is not considered to be located on a major roadway due to its interior location. The 2012 assessment was prepared by the direct sales comparison approach utilizing sales occurring from January 2008 through June 2011.

Issue(s)

[2] The complaint form listed thirteen reasons for the complaint. At the hearing, the Board heard evidence and argument on the following two issues:

1. Is the subject over-assessed in view of its sale in 2009 for \$3,758,475 or, with time adjustment, \$3,582,203?
2. Is the subject over-assessed in comparison to its appraised value of \$3,958,927?

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 presented evidence (C-1, C-2 and C-3) and argument for the Board's review and consideration.

[5] The subject is part of a larger three-building contiguous parcel that sold together in February 2009 for \$15,000,000.

[6] An appraisal (C-2) of the three-building parcel was conducted in November 2008. Commissioned as part of the sale process, it concluded a value of \$15,800,000.

[7] To ascertain the sale value of the subject property, the price per sq.ft. was determined by taking the total sale price and dividing it by the total square footage of the leasable area of all three buildings. The subject's share of the sale price was determined to be \$3,758,475, time adjusted to \$3,582,203 or \$84.81 per sq.ft.

[8] The Complainant used the same method to derive the time adjusted appraised value of the subject at \$3,739,207 or \$88.52 per sq.ft.

[9] The Complainant argued that the best indicator of that value is the sale of the subject property itself. A previous Composite Assessment Review Board decision (C-1, page 87) dealing with the subject property was provided, which reiterated that the sale price ought to determine the value.

[10] The appraisal report (C-2) conducted a capitalized income and discounted cash flow analysis for the larger 3-building project, and as a crosscheck, a direct sales comparison.

[11] The Complainant also presented rebuttal evidence (C-3) which critiqued the Respondent's sales comparables with respect to age, site coverage and tenant type.

[12] In summary, the Complainant requested the 2012 assessment of the subject property be reduced to \$3,582,000.

Position of the Respondent

[13] The Respondent presented evidence (R-1 and R-2) and argument for the Board's review and consideration.

[14] The Respondent argued that the method used to apportion value to the subject was flawed. The simple division of the sale on a per square foot basis did not take into consideration attributes such as lack of major roadway exposure, or economy of scale that would affect value as the subject was the smallest of the three buildings.

[15] The Respondent criticized the appraisal (C-2) as being older (2008), drawing on sales comparables from outside Edmonton, and failing to distinguish different value characteristics of the three buildings such as amount of finish and site coverage.

[16] Five sales comparables were provided by the Respondent, ranging from \$93.27 to \$139.31 per sq.ft. The Respondent defended the sales comparables as the best available, acknowledging there were not a lot of sales comparable to the subject. The Respondent pointed out that the Complainant had not provided any sales comparables.

[17] In summary, the Respondent requested the 2012 assessment of the subject property be confirmed at \$4,285,500.

Decision

[18] The Board reduces the assessment of the subject property to \$3,582,000.

Reasons for the Decision

[19] The best evidence before the Board was the sale of the subject itself. The argument was made that this is the smallest of the three buildings and therefore it would be expected to have a higher square foot value given economies of scale. That argument is counteracted by the fact that the subject does not benefit from major roadway exposure. This panel heard the assessment complaint for only one portion of the larger property sale, and was not given information about the assessment particulars of the other two buildings. In other words, it was not established that the City had done a superior job in accounting for value differences between the three roll numbers comprising the property that sold.

[20] The Board did not find the sales comparables presented by the Respondent to be convincing as they represented varied properties. The Respondent conceded that good comparable sales were not available.

[21] The Honourable Madam Justice L.D. Acton of the Court of Queen's Bench reaffirmed the concept of relying on the sale of the property itself in the *697604 Alberta Ltd v Calgary (City of)*, 2005 ABQB 512 at paragraph 24. The Board would have preferred to rely on a sale closer to valuation date, but notes that the subject sale was within the timeframe from which the City draws its model inputs. The value from that sale has also been time adjusted.

[22] For the noted reasons the Board finds the subject property over-assessed in comparison to the value established at sale, and finds an assessment of \$3,582,000 to be appropriate. This amount is the value derived from the sale of the larger property divided by the proportionate areas of the buildings.

Heard July 17, 2012.

Dated this 17th day of August, 2012, at the City of Edmonton, Alberta.

John Noonan, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Suzanne Magdiak, City of Edmonton
for the Respondent