

NOTICE OF DECISION NO. 0098 156/12

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 (Board) from a hearing held on August 15, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8993453	9320 51 Avenue NW	Plan: 1930R Lot: 4	\$4,610,000	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: BUBBLES INTERNATIONAL CAR WASH CORPORATION

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 1255

Assessment Roll Number: 8993453
Municipal Address: 9320 51 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
Lynn Patrick, Presiding Officer
Jack Jones, Board Member
Pam Gill, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the composition of the Board. In addition, the Board members indicated that they had no bias in this matter.

Background

[2] The subject property is a car wash constructed in 1985 and located in the Coronet Industrial subdivision of Edmonton. It comprises 11,938 square feet (sq ft), is situated on a parcel of land with a total of 218,803 sq ft, and demonstrates 8% site coverage.

Issue(s)

[3] Is the classification and valuation of the subject property's excess land fair, equitable and correct?

Legislation

[4] The *Municipal Government Act* reads:

Municipal Government Act, RSA 2000, c M-26

s 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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

[5] The Complainant presented evidence (C-1 and C-2) and argument for the Board’s review and consideration.

[6] The Complainant reviewed the Respondent’s assessment proforma of the subject property and argued that the 148,419 sq ft of land behind the car wash should be classified as surplus land and not as excess land. The land is encumbered by lack of physical access to 51st Avenue or 93rd Street. Due to this unique circumstance, the Complainant’s position is that the land should be classified as surplus land and not as excess land and should undergo a 50% reduction of the value of the land that fronts the property on 51st Avenue.

[7] The Complainant argued that the assessed valuation of the land at \$16.59 per sq ft was not correct, and submitted six sales comparables of similar properties with excess land values. These showed time-adjusted sales prices ranging from \$8.07 to \$14.55 per sq ft, with an average of \$11.86 per sq ft (C-1, p 14). With the 50% reduction of the average value of the comparables, the surplus land would be valued at \$5.93 per sq ft, which the Complainant rounded to \$6.00 per sq ft.

[8] The Complainant commented on the Respondent’s land sale comparables (R-1, page 15) and submitted that all eight sales were of properties that had access to developed roadways that contained service connectors and were ready for development.

[9] The Complainant also noted that the owner of the property had tried to sell the surplus portion of land at one point, but ended up taking it off the market as, due to lack of road access, there was no interest in the property.

[10] In summary, the Complainant requested that the Board reduce the subject property assessment to \$3,039,000.

Position of the Respondent

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

[12] The Respondent pointed out that the excess land on the property does have potential for development and that road access could be added by the construction of the balance of 93rd Street, and thus it should be assessed at the normal rate and categorized as excess land rather than surplus land.

[13] The Respondent's eight sales comparables showed time-adjusted sales prices ranging from \$14.33 to \$19.15 per sq ft with an average of \$16.43 per sq ft. These were used in support of the subject, which is assessed at \$16.58 per sq ft (R-1, p 15).

[14] Upon questioning, the Respondent explained that typical site coverage of this type of property is 25% and the land in excess of this is categorized as either excess or surplus land.

[15] The Respondent acknowledged that a surplus land category was utilized by the City in preparing assessments. Typically a 50% reduction to land value was applied in situations that included irregular shapes, access limitations, etc.

[16] In summary, the Respondent requested that the Board confirm the subject property assessment at \$4,610,000.

Decision

[17] It is the decision of the Board to reduce the assessment of the subject property from \$4,610,000 to \$3,379,000.

Reasons for the Decision

[18] In reaching its decision, the Board considered all argument and evidence presented by both parties.

[19] The Board reviewed the sales comparables presented by both parties and determined that the potential for development of the sales comparables presented by the Respondent is far greater than the potential for development of the additional land on the subject property. The Respondent's comparables did not have issues with subdivision or road access, whereas the subject would have to clear those obstacles before becoming truly comparable to the listed properties.

[20] The Board found that, of the sales comparables presented, the Respondent's sales comparables #1 and #3 (R-1, page 15) were more representative of the subject in terms of timing

of the sale, size and zoning. The Board found that the unit value of \$16.58 per square foot is an appropriate valuation for the additional land on the subject property.

[21] The Board found that the additional land on the subject property is not excess land and should be categorized as surplus land as there is no present roadway access, which limits any immediate opportunity for development. The Board did not agree with the Respondent's assertion that the mere potential of development should negate the encumbering factors.

[22] The Board noted that both parties agreed that if additional land on a property was deemed to be surplus land it would be discounted to 50% of market value.

[23] For these reasons the Board finds that the surplus land on the subject property should have a rate of \$8.29 per sq ft (50% of the assessed value, \$16.58) applied to it and the resulting amount of \$1,230,400 should be substituted into the Respondent's assessment proforma calculation (R-1, page 10), which would result in a revised assessment of \$3,379,000.

[24] The Board finds that the revised 2012 assessment of the subject property at \$3,379,000 is fair and equitable.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard commencing August 15, 2012.

Dated this 28th day of August, 2012, at the City of Edmonton, Alberta.

Lynn Patrick, Presiding Officer

Appearances:

John Trelford, Altus Group
Walid Melhem, Altus Group
for the Complainant

Tim Dueck, Assessor, City of Edmonton
for the Respondent