

NOTICE OF DECISION NO. 0098 171/12

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 August 8, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10013351	18403 104 AVENUE NW	Plan: 0325479 Block: 1 Lot: 2	\$8,753,000	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: 104 EDMONTON HOLDINGS LTD

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-001109

Assessment Roll Number: 10013351

Municipal Address: 18403 104 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

Dean Sanduga, Presiding Officer

Jasbeer Singh, Board Member

Mary Sheldon, Board Member

Preliminary Matters

[1] Evidence, argument and submissions are carried forward where relevant to this file from roll number #3941457

[2] The parties to the proceeding indicated no objection to the composition of the Board. The members of the Board had no bias with respect to this matter.

Background

[3] The subject is a large warehouse built in 2004 located in the Sunwapta Industrial subdivision of Edmonton. It has a building area of 72,877 square feet, all located on the main floor. The site area is 210,834 square feet and the site coverage is 34%.

Issue(s)

[4] Is the assessment of the subject correct, fair and equitable given the available market data?

Legislation

[5] 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

[6] The Complainant presented a 33-page assessment brief (Exhibit C-1) and a 7-page document rebutting the Respondent’s evidence to the Board (Exhibit C-2).

[7] The Complainant argued to the Board that the 2012 assessment of the subject was excessive. In support of this position, the Complainant submitted that the subject had been sold in September, 2009 for \$7,000,000, time adjusted to \$6,813,000 and the sale of the subject property is the best evidence of market value.

[8] The Complainant also presented five equity comparables (C-1, pages 20 -24). These comparables had values per square foot ranging from \$99.70 to \$115.19. The Complainant submitted that this supported a value for the subject of \$100.00 per square foot for a total value of \$7,287,500. The Complainant submitted further that this demonstrated that the assessment of the subject at \$120.11 per square foot was excessive.

[9] The Complainant submitted that all the equity comparables provided were of approximately the same age as the subject and had comparable site coverages.

[10] During questioning the Complainant acknowledged that at the time of sale, the subject was 9.24 % vacant and that 73% of the space was encumbered by below market leases.

Position of the Respondent

[11] The Respondent presented a 34-page assessment brief (Exhibit R-1) and a 44-page law & legislation brief (Exhibit R-2) to the Board. The assessment brief included six equity comparables and six sales comparables that support the 2012 assessment of \$8,753,000.

[12] The Respondent argued that the current assessment of the subject was correct, fair and equitable.

[13] The Respondent reminded the Board that the sale of the subject property included below market leases which would depress the purchase price.

[14] The Respondent presented a chart of six sales of comparable properties (R-1, page 9). The Respondent indicated that all except #3 were located on interior lots, similar to the subject.

Comparables #1, 3 and 5 were located in the west end of Edmonton, similar to the subject. The time adjusted values per square foot of these comparables ranged from \$94.11 to \$242.95. The Respondent stated that this supported the assessment per square foot of the subject at \$120.11.

[15] The Respondent also submitted a chart of six equity comparables (R-1, page 16). The assessments per square foot of main floor space ranged from \$109.31 to \$126.94 and, in the opinion of the Respondent, supported the assessment of the subject at \$120.11.

[16] The Respondent pointed out to the Board that sale comparable #5 of the Respondent contained two buildings valued on the cost approach. During questioning, the Respondent also noted that its equity comparables #1, 4 and 6 were only approximately ½ the size of the subject.

[17] The Respondent also noted for the Board that the *Standard on Mass Appraisal of Real Property* quoted by the Complainant in the rebuttal document was incomplete (C-1 page 6). There was a portion of a sentence missing. This portion confirmed that the direct sales method of valuing commercial/industrial properties was a valid method as well as the income approach.

[18] The Respondent requested that the Board confirm the assessment of the subject at \$8,753,000.

Complainant's rebuttal

[19] The Complainant presented a rebuttal document which demonstrated that two of the Respondent's sales comparables were occupied by federal government tenants. In the opinion of the Complainant, this would inflate the purchase prices. As well, two of the other comparables included cranes and hoists in the price which would affect the purchase price.

The Complainant requested that the Board reduce the assessment of the subject to the time adjusted sale price of the subject at \$6, 813, 000

Decision

[20] The decision of the Board is to confirm the 2012 assessment of the subject at \$8,753,000 as correct, fair and equitable.

Reasons for the Decision

[21] The Board considered the sale of a subject property on or near the valuation date as the best indicator of value for that property. The Board notes that there was evidence that the subject at the time of sale had a very substantial percentage (73%) of below market leases and a 6,707 sq. ft. bay was vacant. In the opinion of the Board, this fact would be a major factor in negotiating a purchase price for the subject and would result in a lower price.

[22] Therefore, although this is a valid sale, the Board is not convinced that, in this case, the sale price represents the market value of the subject as at July 1, 2011. With respect to the equity comparables presented by the Complainant, no evidence was presented concerning the breakdown of office or mezzanine storage space. The Board heard evidence that these are factors affecting value in the warehouse inventory.

[23] The Board notes that the Respondent's sales comparables present some difficulties in that two of the comparables have federal government leases and that two more have various cranes

and hoists factored into the purchase price. However, the equity comparables presented by the Respondent support the assessment.

[24] Taking the above factors into account, the Board concludes that the current assessment of the subject at \$8,753,000 is correct, fair and equitable.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard commencing August 8, 2012.

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

Dean Sanduga, Presiding Officer

Appearances:

Walid Melhem
for the Complainant

Will Osborne
for the Respondent