

NOTICE OF DECISION NO. 0098 174/12

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 10, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10161899	10050 29A AVENUE NW	Plan: 0923583 Block: 2 Lot: 22C	\$9,118,000	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: CONCERT REAL ESTATE CORPORATION

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-000600

Assessment Roll Number: 10161899

Municipal Address: 10050 29A 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, arguments and submissions are carried forward where relevant to this file from file # 3941457

[2] The parties to the proceedings indicated that they did not have any objection to the composition of the Board, and the members of the Board stated that there was no bias in relation to this matter.

Background

[3] The subject property is a large warehouse situated in the Parsons Industrial subdivision in Edmonton. It was built in 1976 and has a building area of 101,850 square feet, a land size of 415,565 square feet and site coverage of 25%. The building area is all main floor space.

Issue(s)

[4] Is the current assessment of the subject 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 filed this complaint on the basis that the subject property’s assessment of \$9,118,000 was inequitable and in excess of the market value. In support of this position, the Complainant presented a 42-page assessment brief (Exhibit C-1) and a 7-page document rebutting the Respondent’s evidence to the Board (Exhibit C-2).

[7] In support of his position that the 2012 assessment of the subject is not correct, the Complainant presented a chart of the sales of four properties comparable to the subject (C-1, page 8). The Complainant advised the Board that there had to be an adjustment to the sale price of comparable #3 since a cost to install a sprinkler system had to be included. With this adjustment to the chart, the average time adjusted price per square foot of the leasable building area was \$79.77 and the average time adjusted price per square foot of the comparables was \$79.90.

[8] The Complainant advised the Board that these comparables were all larger properties similar to the subject and all had only main floor space, again similar to the subject. All were interior lots similar to the subject although comparable # 3 had limited access to 118 Avenue and #4 had some frontage on 50 Street.

[9] The Complainant advised the Board that this evidence of comparable sales indicated that a value of \$80.00 per square foot or \$8,148,000 in total would be an appropriate value for the subject (C-1, page 8).

[10] The Complainant also provided to the Board details of the assessments of four properties comparable to the subject (C-1, page 9). The Complainant argued to the Board that these were

all interior properties like the subject, were of a similar age and had slightly below typical site coverages, like the subject. He advised the Board that equity comparables #2 and #3 were of an irregular shape, like the subject. The range of assessments per square foot of these comparables was from \$72.01 to \$88.03 and the Complainant submitted that this supported his request for a value of \$75.00 per square foot for the subject or for a total equitable assessment of \$7,638,500.

Position of the Respondent

[11] The Respondent presented a 39-page assessment brief (Exhibit R-1) and a 44-page Law and Legislation document (Exhibit R-2).

[12] The Respondent defended its position that the 2012 assessment of the subject was correct, fair and equitable. The Respondent produced a chart of six sales of comparable properties (R-1, page 11). These were all interior lots, similar to the subject. The Respondent advised the Board that comparables #2, #5, and #6 were all in the western quadrant of Edmonton. He also advised that sale #3 was newer than the subject and would require a downward adjustment while sale #4 would require an upward adjustment for age and a downward adjustment for location. The time adjusted sale price per square foot ranged from \$77.17 to \$118.36 and the Respondent argued that this supported the assessment of the subject at \$89.52 per square foot.

[13] The Respondent also submitted a chart of six equity comparables (R-1, page 18). The assessments per square foot of these comparables ranged from \$84.45 to \$102.91. The Respondent argued that this supported the assessment of the subject at \$89.52 per square foot.

[14] The Respondent pointed out to the Board that sale comparable #4 and equity comparable #1 of the Complainant had been granted a 10% downward adjustment. The Respondent argued that this fact made these comparables of less assistance in establishing value for the subject.

[15] The Respondent also reminded the Board that while the *Standard on Mass Appraisal of Real Property* indicated that the income approach could be used to establish value for commercial and industrial properties, the last part of the sentence was missing from the Complainant's evidence. This sentence indicated that the direct sales approach was also a preferred method.

[16] The Respondent requested that the Board confirm the 2012 assessment of the subject at \$9,118,000.

Complainant's rebuttal

[17] The Complainant presented rebuttal evidence to the Board (C-2). The Complainant pointed out to the Board that there were flaws in the evidence presented by the Respondent. In particular, one sales comparable (#1) had very low site coverage (13%), one had the benefit of an unusually lengthy lease (20 years), one was located on a major roadway and one was acquired by a tenant. In the opinion of the Complainant, these were not good comparables.

[18] The rebuttal evidence also contained information indicating that the income approach was a valuable way to assess commercial and industrial properties.

[19] The Complainant requested that the Board reduce the assessment of the subject to \$7,638,500.

Decision

[20] The decision of the Board is to confirm the 2012 assessment of the subject at \$9,118,000.

Reasons for the Decision

[21] The Board reviewed the evidence provided by the Complainant and found significant flaws in both the sales and equity comparables provided.

[22] In particular, the Board notes that of the Complainant's sales comparable, #1 has a site area 30% less than the subject. Its site coverage is 37% compared to the site coverage of 25% for the subject. Sales comparable #2 is five years newer than the subject, the site area is only one half the size of the subject and the building area is 30% less than the subject. It also has higher site coverage than the subject. As well, it is a part of a multiple sale. In the opinion of the Board all these factors make the Complainant's sales comparables #1 and #2 of less assistance in establishing value for the subject.

[23] As well, the Board notes difficulties with the sales comparables #3 and #4 provided by the Complainant. Sales comparable #3 has site area 60% smaller than the subject and higher site coverage. The purchase price of that comparable was also affected by the requirement of the purchaser to install a sprinkler system at a cost of \$500,000. With respect to sales comparable #4, the site area is more than 50% smaller than the subject and the building size is 40% smaller. As well, that comparable is subject to a 10% downward industrial adjustment.

[24] The Board also notes flaws in the equity comparables provided by the Complainant. Equity comparables #1, #2 and #3 are located in the west quadrant of Edmonton where the Board heard evidence that the assessment values are lower than in the south east quadrant where the subject is located. As well, equity comparable #1 has a site area 15% smaller than the subject and a building area 15% larger. Equity comparable #2 is subject to a 10% downward industrial adjustment and equity comparable #4 has a value which supports the assessment of the subject.

[25] The Board notes that it is the responsibility of the Complainant to provide sufficient compelling evidence to raise a doubt in the mind of the Board that the assessment of the subject is not correct. In the opinion of the Board, the Complainant failed to discharge this responsibility. The Board notes difficulties as well with the evidence provided by the Respondent. The initial burden of proving the assessment incorrect however rests with the Complainant and, as stated above, the evidence provided by the Complainant did not prove this.

[26] The Board concludes that the 2012 assessment of the subject is correct, fair and equitable.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing August 10, 2012.

Dated this 29th 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