

NOTICE OF DECISION NO. 0098 175/12

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:
10225958	14345 123 AVENUE NW	Plan: 1121147 Block: 4 Lot: 28	\$4,311,000	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: YORK REALTY INC

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-001070

Assessment Roll Number: 10225958

Municipal Address: 14345 123 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] The parties advised the Board that evidence, arguments and submissions were carried forward where applicable to this file from # 3941457.

[2] The parties to the proceedings indicated that they had no objection to the composition of the Board. The members of the Board did not have any bias with respect to this matter.

Background

[3] The subject property is a large warehouse built in 1970 and located in the Dominion Industrial subdivision of Edmonton. The building area is 71,625 square feet of which 68,925 square feet is main floor space. The site area is 124,861 square feet and the site coverage is 55%.

Issue(s)

[4] Is the current 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 filed this complaint on the basis that the subject property’s assessment of \$4,311,000 was inequitable and in excess of the market value. In support of this position, the Complainant presented a 31-page assessment brief (Exhibit C-1) and an 8-page document rebutting the Respondent’s evidence to the Board (Exhibit C-2).

[7] In support of the argument that the 2012 assessment of the subject was excessive, the Complainant submitted to the Board details of the sale of the subject for \$3,825,000 in October, 2010. For that sale, there would be no adjustment up to the valuation date of July 1, 2011. The Complainant advised the Board that in February, 2011, the owner of the subject purchased a neighboring lot for \$318,000. The time adjusted figure to July 1, 2011 for the sale price of this bare land lot would be \$314,500. The Complainant advised the Board that this lot formed part of the 2012 assessment for the subject roll number.

[8] The Complainant argued to the Board that the correct value of the subject would be the purchase price of the original parcel of \$3,825,000 plus the value of the acquired lot at \$314,500. This totaled \$4,139,500 and the Complainant requested that the Board reduce the assessment to this amount.

[9] In addition, the Complainant supplied the Board with two sales comparables including the sale of the subject (C-1, page 8). The median value per square foot of the leasable building area of the two sales was \$57.02. The Complainant argued that this demonstrated that the assessed value per square foot of the subject at \$60.19 was too high.

[10] The Complainant did acknowledge that when the subject sold in 2010, substantial roof repairs would be required and that that may have been a factor in the negotiation of the final purchase price. The Complainant advised the Board that as of December 31, 2011, the condition date, those repairs had not been done and that therefore, the value of those roof repairs should not be factored into the assessment.

Position of the Respondent

[11] The Respondent provided the Board with five sales of comparable properties in support of its position that the current assessment of the subject was correct, fair and equitable (R-1, page

10). In particular, the Respondent pointed to comparables # 2 and #5 which were interior lots similar to the subject and comparable in terms of age and size. The Respondent argued that the time adjusted value per square foot of #2 at \$79.40 and of #5 at \$86.88 supported the assessment of the subject at \$60.19 per square foot.

[12] The Respondent argued that the cost of the substantial roof repairs required for the subject would have been a factor in negotiating the final purchase price and that the purchase price should be adjusted upwards to arrive at market value.

[13] With respect to the rebuttal document provided by the Complainant, the Respondent noted that there was no evidence provided of the cost of typical roof repair. The Respondent also noted that the *Standard on Mass Appraisal* document quoted in that rebuttal did not contain the remainder of a sentence which stated that while an income approach can be used to value commercial and industrial properties, the direct sales approach is also a preferred approach.

[14] The Respondent requested that the Board confirm the assessment of the subject at \$4,311,000.

Complainant's rebuttal

[15] In rebuttal, the Complainant provided evidence that the cost of roof repairs would be approximately \$585,000 and that those repairs were not begun before the condition date December 31, 2011. The Complainant argued to the Board that the purchase price of the subject plus the additional value of the neighboring lot purchased and forming part of the 2012 assessment represented the market value of the subject as at July 1, 2011, and that the purchase price should not be adjusted to account for roof repairs.

[16] The Complainant requested that the Board reduce the assessment of the subject to \$4,139,500

Decision

[17] The decision of the Board is to reduce the assessment of the subject to \$4,139,500.

Reasons for the Decision

[18] The Board is of the opinion that the best indicator of market value of a property is a sale of the property at or near the valuation date. In this case, the subject sold in October, 2010 for \$3,825,000 and the Board heard evidence that there would be no time adjustment factor up until the valuation date of July 1, 2011.

[19] The Board also notes that a neighboring lot was purchased in February, 2011 subsequent to the October, 2010 purchase and that this lot forms part of the 2012 assessment of the subject. The time adjusted value of that lot is \$314,500. The value of the subject including the lot as of July 1, 2011 is \$4,139,500.

[20] In the opinion of the Board, the cost of required roof repairs should not be added to the October, 2010 purchase price. As of the condition date of December 31, 2011, those repairs had not been done.

[21] The Board concludes that the true market value of the subject at July 1, 2011 is \$4,139,500 and to reduce the assessment to that amount is correct, fair and equitable.

Dissenting Opinion

[22] 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