

NOTICE OF DECISION NO. 0098 181/12

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 August 1, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9994011	18504 - 111 Avenue NW	Plan: 0125651 Lot: 10	\$9,210,000	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: Canadian Property Holdings (Alberta) Inc.

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 864

Assessment Roll Number: 9994011

Municipal Address: 18504 111 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
Taras Luciw, Board Member
Tom Eapen, Board Member

Preliminary Matters

[1] Both the Complainant and the Respondent indicated that they had no objection to the composition of the Board. The Board members advised the parties that they did not have any bias with respect to this matter.

Background

[2] The subject property is a 92,371 sq ft warehouse situated on a 254,696 sq ft lot located in the White Industrial subdivision of northwest Edmonton. It was constructed in 2003 and has site coverage of 35%.

Issues

[3] The Complainant's submissions raised the following issues:

- a. The subject property is assessed in contravention of Section 293 of the Municipal Government Act and Alberta Regulation 220/2004.
- b. The use, quality, and physical condition attributed by the municipality to the subject property are incorrect, inequitable and do not satisfy the requirement of Section 289 (2) of the Municipal Government Act.
- c. The assessed value should be reduced to the lower of market value or equitable value based on numerous decisions of Canadian Courts.

- d. The assessment of the subject property is in excess of its market value for assessment purposes.
- e. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.
- f. The classification of the subject premise is neither fair, equitable, nor correct.
- g. The municipality has utilized the incorrect valuation method in determining the value of the subject.
- h. As per CARB orders 0521/2010-P and 0756/2010-P, the characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverable and cap rates indicates a value of \$8,585,500.
- i. The municipality's method of assessment for the subject property is inappropriate given the characteristics and physical condition of the subject property.
- j. The assessment regression model method used is incorrect and does not accurately reflect the market value for assessment purposes of the subject property.
- k. The municipality has inappropriately adjusted the sales used in the multiple regression approach.
- l. Assessments of similar properties indicate a lower equitable value of \$8,590,500.
- m. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties.

[4] During the hearing, the Board was presented with evidence and heard argument on the following issues:

- a. Is the subject property assessed in excess of its market value when compared to sales of similar properties?
- b. Has the subject property been equitably assessed when compared to similar properties?

Legislation

[5] 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

[6] The Complainant provided a 29 page brief to the Board in support of its argument that the assessment should be equitably assessed at \$8,313,500, or \$90.00/ sq ft.

[7] The Complainant provided four equity comparables to the Board in support of his argument that the subject property is inequitably assessed. All of the equity comparables were in the northwest quadrant of the city, as is the subject. They ranged in site coverage from 33% - 46%, compared to the subject property's 35%. The 2012 assessments ranged from \$79.32/ sq ft to \$95.87/ sq ft, with an average assessment per square foot of \$88.96/ sq ft and median of \$90.32/ sq ft.

[8] The Complainant concluded in summary that a review of the assessment of similar properties indicates that an equitable assessment for the subject property is \$8,313,500.

Position of the Respondent

[9] The Respondent submitted written evidence (Exhibit R-1) containing six equity comparables, five of which were located in the southeast quadrant and only one comparable property in the same northwest quadrant as the subject (Exhibit R-1, page 14). The effective year built ranged from 1998 to 2006. The lot size ranged from 196,080 sq ft to 283,100 sq ft while the total building size ranged from 74,980 sq ft to 99,612 sq ft and the site coverage ranged from 32% to 38%. Their assessments ranged from \$95.87/ sq ft to \$111.54/ sq ft which supported the assessment of \$99.70/ sq ft for the subject.

[10] The Respondent stated the Complainant's equity comparable #4 should not be considered as it was assessed based on the cost approach method while the remaining comparables were assessed via the direct sales approach.

[11] The Respondent requested that the 2012 assessment in the amount of \$9,210,000 be confirmed.

Decision

[12] The decision of the Board is to reduce the 2012 assessment to \$8,514,000.

Reasons for the Decision

[13] The Board considered all the evidence of the parties to reach its decision.

[14] The Complainant questioned the methodology of the assessment of the subject. The Board accepted that the direct sales comparison approach was used in the model which is an acceptable approach in mass appraisal. The approach was audited and approved by the Province, as required by the assessment legislation.

[15] The Board reviewed the Complainant's four equity comparables, all in the northwest quadrant. Three of the four were single building properties, while the fourth had two buildings and was assessed using the cost approach. The property with the cost building was not considered as a comparable as it was assessed based on the cost approach. The three remaining comparables, when adjusted, result in an average of \$92.17/ sq ft. The Board notes that these comparables were more similar to the subject in lot size, building size and age.

[16] The Board found the Respondent's six equity comparables less persuasive as five of the six were located in the southeast quadrant. The Board noted that the one comparable in the northwest reflected the lowest assessment/ sq ft of all six comparables presented by the Respondent. This comparable was also used by the Complainant.

[17] The Board concluded that based on a review of similar properties provided by the Complainant that an equitable value assessment for the subject property is \$8,514,000.

Dissenting Opinion

[18] There was no dissenting opinion.

Heard commencing August 1, 2012.

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

Lynn Patrick, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Joel Schmaus, Assessor, City of Edmonton
for the Respondent