

**NOTICE OF DECISION      NO. 0098 187/12**

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 1, 2012, respecting a complaint for:

<b>Roll Number</b>	<b>Municipal Address</b>	<b>Legal Description</b>	<b>Assessed Value</b>	<b>Assessment Type</b>	<b>Assessment Notice for:</b>
8976623	9523 41 Avenue NW	Plan: 7721479 Block: 16 Lot: 3 Plan: 7721479 Block: 16 Lot: 2	\$9,589,000	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.*

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cc: No 352 Cathedral Ventures Ltd.

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, ECARB 2012-000672**

**Assessment Roll Number:** 8976623

**Municipal Address:** 9523 41 AVENUE NW

**Assessment Year:** 2012

**Assessment Type:** Annual New

Between:

**Altus Group**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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**DECISION OF**  
**Lynn Patrick, Presiding Officer**  
**Taras Luciw, Board Member**  
**Tom Eapen, Board Member**

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### **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.

[2] Upon the parties' request, evidence was carried forward from Roll 10014321.

### **Background**

[3] The subject is a 4 building property, located at 9523 - 41 Avenue, Edmonton and is comprised of an office building and three warehouses. The buildings are 11,025, 28,000, 30,800 and 30,800 sq ft in size and cover 38% of the 266,349 sq ft lot. The buildings were built in 1980. The property is located in the Strathcona Industrial subdivision, in the southeast quadrant of the City.

### **Issues**

[4] The Complainant advised the Board that the following items were at issue:

- 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 assessment regression model method used is incorrect and does not accurately reflect the market value for assessment purposes of the subject property.
- g. Sales of similar properties indicate a lower market value of \$7,650,000.
- h. The aggregate assessment per sq ft applied is inequitable with the assessments of other similar and competing properties.
- i. The aggregate assessment per sq ft applied to the subject property does not reflect market value for assessment purposes; when using the direct sales comparison approach the indicated market value is \$7,650,000.

[5] 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**

[6] 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**

[7] The Complainant provided a 212 page brief in support of its argument that the assessment should be reduced to \$8,049,500. The Complainant presented evidence in support of the contention that the current market value of the property is \$8,049,500, or \$80.00/ sq ft, based upon recent market transactions. The Complainant also provided evidence in support of his argument that the subject property should be equitably assessed at the same \$8,049,500, or \$80.00/ sq ft.

[8] The five comparable sales provided took place between January 2009 and March 2011, and were built between 1977 and 1981, with the subject being built in 1980. The building size ranged from 64,530 sq ft to 135,566 sq ft. The indicated unit value for the sales ranged from \$71.84/ sq ft to \$82.62/ sq ft with an average of \$78.94/ sq ft and a median of \$80.94/sq ft. The subject was assessed at \$98.88/ sq ft. The Complainant argued that these sales comparables (Exhibit C-1, page 9), should be considered due to the comparable characteristics of the subject such as age and size. The Complainant concluded that the requested \$80.00/ sq ft for the subject property was reasonable.

[9] In conclusion to his main argument, the Complainant stated that \$80.00/ sq ft was the most reasonable value. This resulted in a request to reduce the current assessment to \$8,049,500.

[10] The Complainant also provided five equity comparables to the Board in support of its argument that the subject property was inequitably assessed. All of the equity comparables were in the southeast quadrant of the city, as was the subject. They ranged in site coverage from 35% - 43%, compared to the subject property's 38%. The 2012 assessments ranged from \$77.91/ sq ft to \$81.95/ sq ft, with an average assessment/ sq ft of \$79.53 and median of \$79.78/ sq ft.

[11] The Complainant provided a Multi-Building Analysis in support of the argument that the number of buildings on site should make no difference to the assessment of a property. The Complainant provided scatter charts of the warehouse sales in south and northwest Edmonton (Exhibit C-1, pages 49 - 52) to demonstrate that the multi-building warehouse properties did not command any higher unit value than the single building properties.

[12] The Complainant also provided the Board with several single and multi-building warehouses and corresponding sales comparables and argued that this evidence demonstrated that the multi-building or single building warehouse properties did not warrant any differential in unit prices for sales or assessment (Exhibit C-1, pages 53 - 212). In support of this argument, the Complainant provided the Board with 10 comparable charts, comparing various properties in both the northwest and southeast quadrant of the City.

[13] The Complainant also provided the Board with a 21-page rebuttal package (Exhibit C-2). The Complainant argued that when replacement cost is compared to market value, the two concepts are entirely different and produce different values. Essentially it does not matter if it costs more to build multiple-buildings on one site if no one is willing to pay more for them.

[14] The Complainant outlined the Respondent's 2 sales comparables (Exhibit C-2 page 2). The first sales comparable was located on a corner of two major roadways, while the subject was an interior location and was significantly newer than the subject with a significantly lower site coverage. Sale comparable #2, was newer, had frontage to Roper Road and 75 street, and was a mixed use property with a laboratory, retail and warehouse space, while the subject was a warehouse with an interior location.

[15] The Complainant referred to the SAR (Sale to Assessment Ratio) and questioned the validity of the sales as comparables because of the disparity in the ratios being outside the acceptable range for SAR.

[16] The Complainant concluded that a review of the recent market transactions indicates the value of the subject property is \$8,049,500. A review of the assessment of similar properties indicates that an equitable assessment for the subject property is \$8,049,500. The Complainant concluded that the assessment should be reduced to \$8,049,500.

### **Position of the Respondent**

[17] The Respondent submitted written evidence containing two sales comparables of warehouse properties, both of which contained multiple buildings in average condition and located in the southeast quadrant, as was the subject (Exhibit R-1, page 14). The effective year built was in differing years between 1997 and 2006. The total building sizes were 40,427 sq ft and 291,285 sq ft and the site coverage was 20% and 34%. Their time adjusted sales prices were \$138.72 and \$161.30/ sq ft, which supported the assessment of the subject. The subject was built in 1980, had a total building size of 100,625 sq ft, with site coverage of 38% and was assessed at \$95.29/ sq ft. The Respondent stated that, despite some similarities, the comparable properties were sufficiently dissimilar to require consideration of equity comparables of more similar properties to support the subject's assessment.

[18] The Respondent's evidence (Exhibit R-1) also contained six equity comparables, five of which were located in the southeast quadrant and one in the northwest (Exhibit R-1, page 18). The effective year built ranged from 1976 to 1999. The total building size ranged from 72,056 sq ft to 143,995 sq ft and the site coverage ranged from 32% to 43%. Their assessments ranged from \$97.01/ sq ft to \$109.29/ sq ft and supported the assessment of the subject. The properties compared closely with the subject, which was built in 1980, had a total building area of 100,625 sq ft with site coverage of 38% and was assessed at \$95.29/ sq ft. The comparable properties all contained multiple buildings.

[19] The Respondent addressed the Complainant's Multi-Building Analysis by explaining that multi-building industrial properties have been valued according to the same mass appraisal model as single-building properties. In doing this, each building has been analyzed for its contributory value to the property. A single assessment has been produced that represents the aggregate market value of that particular property. A number of reasons for this approach were detailed, founded in both appraisal theory and market analysis, and include the cost of construction, differences in size and interior finish, decreased investment risks by leasing to multiple tenants. Further, site configuration may be improved, and a potential for subdivision can increase sale and rental options. Finally, analyzing each building allows the Respondent to make precise adjustments when necessary (Exhibit R-1, page 28).

[20] The Respondent summarized its response to the Complainant's Multi-Building Analysis by stating that multiple errors and omissions were detected which, when corrected, failed to support the Complainant's position. For instance, market value for multi-building sales had not been established, as typically only one multi-building sale was provided per comparison chart. Further, the multi-building sales provided by the Respondent indicated a higher value for multi-building properties.

[21] The Respondent reviewed the Complainant's south and northwest sales charts (Exhibit C-1, pages 49 - 52) and found omissions of numerous sales (Exhibit R-1, page 30). The Respondent

also reviewed each of the Complainant's 10 Direct Sales Analysis Charts and found that numerous sales were not included, non-arms length sales were included, properties were dissimilar and properties that did not sell were included.

[22] In reviewing the 164 pages in Appendix B of the Complainant's submission, the Respondent explained that it was impossible, with any degree of certainty, to determine the purpose of the material or how it proves the assessment of the property is incorrect.

[23] The Respondent requested that the 2012 assessment in the amount of \$9,589,000 be confirmed.

### **Decision**

[24] The decision of the Board is to confirm the 2012 assessment of \$9,589,000.

### **Reasons for the Decision**

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

[26] 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 with manual adjustments when required, which is an acceptable approach in mass appraisal. The approach was audited and approved by the Province, as required by the assessment legislation.

[27] The Board does not accept the Complainant's position that the assessment of multi-building properties, such as the subject, ought to be done on the basis that all the buildings are treated as one building and assessed as if one building.

[28] The Board notes that the lease rate comparables are not supported by any documentation and thus are not verified. The charts contain only southeast quadrant properties, which further reduces any value this evidence may have in supporting the proposition that building numbers have no affect on rates.

[29] The two scatter charts presented by the Complainant as analysis to show that there are no sale price differences between single and multi-building sites are rejected by the Board. At the hearing, the Complainant acknowledged that the charts did not contain all of the sales that occurred in those quadrants. The Board is of the view that the omission renders the charts potentially misleading and not reliable evidence.

[30] The 10 sales comparable charts are not given much weight as supportive of the Complainant's submission for several reasons. The charts contained no headings thus it was not possible to determine what to conclude from the information. Additionally, the comparables are of mixed characteristics such as location, age and number of buildings. There is repetition of some of the comparables in different charts without explanation. The potential for selection of the group of single building sales left the question about the unselected sales and what they might disclose. The charts appear to have been prepared with randomly selected comparables.

[31] The Board finds that the numerous errors and omissions in the 10 sales comparable charts put the Complainant's evidence into question.

[32] The position of the Respondent is that because of differences in sizes, age, condition, location, roadway exposure and finish, it is thus appropriate to assess the individual buildings on a multi-building site and then combine the individual assessments to reach the total annual assessment for each subject roll number. The Board accepts the Respondent's position.

[33] The Board finds that four of the five sales comparables presented by the Complainant are located in the northwest quadrant, while the subject is located in the southeast. The property located in the southeast has foundation and plumbing issues which lowers the condition to "fair" and which would also impact the sale price.

[34] The Respondent's sales comparables also lack similarities, requiring the Board to place more weight on the equity comparables.

[35] The Board reviewed the Complainant's five equity comparables and, while all are in the southeast quadrant, all are single building properties. The subject contains four buildings. Furthermore, all comparables are smaller than the subject.

[36] The Board finds the Respondent's six equity comparables persuasive as all the comparables are multi-building properties and all but one are located in the southeast, as is the subject.

[37] The onus lies with the Complainant to show the assessment is incorrect. It is the Board's decision that there is not sufficient or compelling evidence for the establishment of a conclusion that the assessment is incorrect and the onus has not been met. The assessment is therefore correct, fair and equitable.

### **Dissenting Opinion**

[38] There is no dissenting opinion.

Heard commencing August 1, 2012.

Dated this 30 day of August, 2012, at the City of Edmonton, Alberta.

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Taras Luciw  
For: Lynn Patrick, Presiding Officer

### **Appearances:**

Walid Melhem, Altus Group  
for the Complainant

Joel Schmaus, Assessor, City of Edmonton  
for the Respondent