

NOTICE OF DECISION NO. 0098 37/12

Altus Group Limited
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 June 13, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8889842	7020 50 STREET NW	Plan: 8022112 Block: 25 Lot: 2	\$1,440,500	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: INTEGRATED PROTECTIVE COATINGS INC

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 1142

Assessment Roll Number: 8889842

Municipal Address: 7020 50 STREET NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Steven Kashuba, Presiding Officer

Lillian Lundgren, Board Member

Ron Funnell, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board members indicated they had no bias in the matter before them.

Background

[2] The subject property is a warehouse located at 7020 - 50 Street NW in the Davies Industrial East neighborhood. The 23,284 square foot lot is improved with a warehouse and four greenhouses. The warehouse was constructed in 1981 and has an area of 9,921 square feet. The four greenhouses on the property have a total area of 8,170 square feet and an effective year built of 2008.

[3] The method of assessment used by the Respondent to assess the subject property and all similar properties with greenhouses on site is a combination of the sales comparison approach and the cost approach. The subject land and the main building are assessed using the direct sales approach and the improvement portion of the four greenhouses is assessed using the cost approach. The assessment was prepared using a 36% site coverage based on a 8,301 square foot footprint in the main building.

Issues

[4] 1. Is the subject assessment correct?

[5] 2. Is the subject property equitably assessed with 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 filed this complaint on the basis that the assessment of \$1,440,500 is incorrect and inequitable.

Correctness

[8] The Complainant and the Respondent do not agree on the correct site coverage for the subject property. The Respondent prepared the assessment using 36% site coverage based on only the main building, whereas, the Complainant used a site coverage of 71% based on the total main floor areas of the main building and four greenhouses. In answer to questions from the Respondent, the Complainant was unable to explain how the land value beneath the four greenhouses is accounted for using site coverage of 71%.

[9] The Complainant argued that a review of recent market transactions indicates that the value of the subject property is \$758,400. In support of this position, the Complainant presented five sales comparables from the northwest quadrant of the city. The comparables are similar to the subject property in age, site area and building size. The comparables have site coverage that ranges from 36% to 60% compared with the subject site coverage of 71%. The Complainant's comparables have an average time adjusted sale price of \$114 per square foot and a median time adjusted sales price of \$118 per square foot.

Equity

[10] The Complainant also argued that a review of similar properties indicates that an equitable assessment for the subject property is \$892,500. Two equity comparables were presented. The comparables are similar in location, age and building size. The average assessment for the comparables is \$90 per square foot.

[11] The Complainant stated that due to the attributes of the subject and the additional buildings on site, it has been determined that the indicated value for the subject property is \$60 per square foot. The Complainant calculated the value of the property using \$60 per square foot

for the main building and \$20 per square foot for each of the greenhouses. This yields the requested value of \$758,400.

Position Of The Respondent

[12] The Respondent submits that the subject assessment of \$1,440,500 is correct and equitable.

Correctness

[13] As a precursor, the Respondent explained the method used to prepare the subject assessment. The sales comparison approach was used to value the subject property comprised of the 23,284 square foot lot and the main building. The cost approach was used to value the improvement portion of the four greenhouses. The land value beneath the four greenhouses is captured in the site coverage of 36%. The site coverage of 36% was calculated using the 8301 square foot footprint of the main building.

[14] The Respondent took issue with the Complainant's use of the 71% site coverage based on the main building and the four greenhouses because the land beneath the four greenhouses is not valued. The Respondent reminded the Board that the Complainant was unable to explain how the land beneath the four greenhouses is captured using 71% site coverage.

[15] The Respondent stated that the most common unit of comparison for industrial properties is the value per square foot of the building area. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison. Properties with lower site coverage will have a higher value per square foot. The Respondent asserts that the best comparables are the comparables put forth by the Respondent because they are similar in site coverage to the subject.

[16] Next, the Respondent defended the assessment through the use of six sales comparables located in the southeast quadrant of the city. The comparables are similar in most respects and are similar in site coverage. The comparables have an average time adjusted sale price of \$157 per square foot.

Equity

[17] The Respondent also presented seven equity comparables that are similar in location, age, lot size, building size and site coverage to the subject. The comparables have an average assessment of \$145 per square foot and the subject is assessed at \$145 per square foot.

[18] The Respondent was critical of one of the Complainant's comparable sales because it is a non arms length transaction. The Respondent provided a copy of the Bourgeois & Company Ltd. Sales data sheet which states that the property located at 14520 128 Avenue NW sold on December 29, 2008 as a non arms length transaction.

[19] In summary, the Respondent requested the Board to confirm the assessment at \$1,440,500.

Decision

[20] The subject property assessment is confirmed at \$1,440,500.

Reasons For The Decision

[21] The Board is satisfied that the Respondent's method of valuing the subject property resulted in a correct assessment. First, the Board finds that it is an acceptable approach to capture the land value beneath the greenhouses through the use of the 36% site coverage because the 36% site coverage is based on the footprint of the main building. The site coverage of 71% used by the Complainant excludes the land beneath the four greenhouses and thereby fails to value this land. Therefore, the correct site coverage for the subject property is 36%.

[22] Next, the Board reviewed the Complainant's and the Respondent's sales comparables in order to determine if the subject is correctly assessed. The Board placed the least weight on the Complainant's sales comparables because they were not in the same quadrant of the city as the subject property and the comparable located at 14520 128 Avenue NW is a non arms length transaction. The Board placed the greatest weight on the sales comparables presented by the Respondent because they are similar in location, age, site coverage and building size. These comparables sold for between \$141 per square foot and \$171 per square foot which supports the subject assessment of \$145 per square foot.

[23] Finally, the Board reviewed the Complainant's and the Respondent's equity comparables in consideration of whether the subject property is equitably assessed with similar properties. The Complainant's two equity comparables differ from the subject property in terms of site coverage with comparable #1 having site coverage of 66% and comparable #2 having site coverage of 69%. The site coverage of the subject property is only 36% and, all things being equal, the subject would have a higher assessment per square foot than the two comparables presented by the Complainant. The Respondent's equity comparables are similar in all of the attributes, including site coverage, that affect value and they support the subject assessment.

[24] In conclusion, the subject property assessment is fair and equitable. Accordingly, the assessment is confirmed.

Heard commencing June 11, 2012.

Dated this 3rd day of July, 2012, at the City of Edmonton, Alberta.

Steven Kashuba, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Marty Carpentier, City of Edmonton
for the Respondent