

NOTICE OF DECISION NO. 0098 38/12

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 11, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9567538	4351- 68 Avenue NW	Plan: 7621042 Block: 1 Lot: E	\$1,725,500	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: PARAGON INVESTMENTS LTD

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 1113

Assessment Roll Number: 9567538
Municipal Address: 4351 68 AVENUE NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

Altus Group Limited

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.

[2] There were no other preliminary matters.

Background

[3] The subject property is a small warehouse located in the Pylypow Industrial Subdivision at 4351 – 65 Avenue NW. The effective year built is 2003 on a land size of 35,646 square feet. The 8,320 square foot warehouse covers 23% of the site and the current assessment is \$1,725,500.

Issue

[4] The Complainant presented a Schedule of Issues (Exhibit C-1, page 3); however, only two issues are the subject of this complaint.

[5] Do sales comparables of similar properties support the assessment?

[6] Does the income of the subject property reflect its market value?

Legislation

[7] 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

[8] The Complainant argued that an income approach to market value would indicate that the assessment of the subject property should be \$1,201,500 as opposed to \$1,725,500. In support of this position they presented a Pro Forma which applied a market lease rate of \$9.50 per square foot, a 3% vacancy allowance, a 2% structural allowance, and a capitalization rate of 7.25% to arrive at an assessment value of \$1,725,500 (Exhibit C-1, page 8).

[9] The Complainant also presented a second Pro Forma wherein an actual rent of \$9.00 per square foot was applied to one part of the warehouse and \$10.75 to another part of the warehouse to arrive at a similar assessment value of \$1,725,500 (Exhibit C-1, page 9).

[10] In addition, the Complainant submitted four sales of similar properties (Exhibit C-1, page 12) which indicate a value of \$155.00 per square foot as opposed to the assessment of the subject property set at \$207.39 per square foot.

[11] Based upon a combination of the elements of an income approach to market value and a direct sales comparison approach, the Complainant requests that the 2012 assessment for the subject property be set at \$950,000 (Exhibit C-1, page 13) which, in their view, is supported by an appraisal (Exhibit C-1, page 10).

Position Of The Respondent

[12] In support of the current assessment, the Respondent presented four sales comparisons wherein the sales of the properties located at 7705 – 18 Street NW and 6670 – 53 Avenue NW were also selected as sales comparisons by the Complainant (Exhibit R-1, page 19). The time-adjusted sale price per square foot for the total area of the warehouse in the first case is \$197.41 and \$216.93 in the second case, in contrast to the assessment which is set at \$207.39 per square foot.

[13] In addition to the sales comparisons, the Respondent submitted six equity comparables taken from the same quadrant of the City as the subject property (Exhibit R-1, page 25). These

comparables, according to the Respondent, reflect similarities to the subject in terms of age, lot size, main floor area, and total floor area. The range in assessment per square foot for these equity comparables is \$206.00 to \$214.78 per square foot with an average of \$210.38 per square foot while the subject is assessed at \$207.39 per square foot.

Decision

[14] It is the decision of the Board to confirm the assessment of the subject property for 2012 at \$1,725,500.

Reasons For The Decision

[15] In considering the Complainant's submission that an income approach to value should be used to arrive at an assessment, the Board accepts the Respondent's position that for this particular complaint the best indicator of market value for a small warehouse is derived from sales comparisons and not an income approach. In this regard, even if the Board were to place any weight upon the element of an income approach to value, too little information (i.e., an inclusion of a rent roll for the subject property) is provided by the Complainant to persuade the Board as to the merits of this approach.

[16] As for using sales comparisons to support the assessment, the Board places considerable weight upon the two sales comparisons selected by both parties (the sales of the properties at 6670 – 53 Avenue NW and 7705 – 18 Street NW), which support the assessment.

[17] Respecting the Complainant's request to reduce the assessment to \$950,000, the Board places little weight upon this brief appraisal report from a third party (Exhibit C-1, page 10) because the report fails to provide any supportive information such as sales or equity comparables.

[18] In particular, the Board notes that the equity comparables presented by the Respondent taken from the same quadrant of the City as the subject property reflect a range of assessments per square foot from \$206.00 to \$214.78 and fully support the assessment.

Dissenting Opinion

[19] There is no dissenting opinion.

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
Stephen Leroux, City of Edmonton
for the Respondent