

**NOTICE OF DECISION      NO. 0098 87/12**

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 July 5, 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>
9966518	9345 49 Street NW	Plan: 7622073 Block: 4 Lot: 7 / Plan: 7622073 Block: 4 Lot: 8	\$9,176,500	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.*

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cc: ANITA BENTZIEN-LICHIOUS



## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2012 ECARB 1021**

**Assessment Roll Number:** 9966518  
**Municipal Address:** 9345 49 Street 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**  
**John Noonan, Presiding Officer**  
**Dale Doan, Board Member**  
**Petra Hagemann, Board Member**

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### **Preliminary Matters**

[1] An overriding argument in this complaint was the assessment treatment of properties having more than one building. The model values each building separately, as if it were a stand-alone structure on its own title, in comparison to other properties of similar size, age and other attributes. The aggregate value of all the buildings on the roll is the final assessed amount. The Complainant argues this method is flawed as it overstates the value of properties with multiple buildings. The parties gave extensive evidence and argument on this issue for roll # 8956047 and asked the Board to carry forward their comments as applicable to this roll number and others heard by the same panel later in the week with similar circumstances. The affected rolls were #8956047, #8953754, #9966518, # 1075506 and #8954588.

### **Background**

[2] The subject is an industrial warehouse property located at 9345 49 Street in the Eastgate Business Park subdivision in the City of Edmonton. The land area is 207,894 square feet (sq. ft.) and contains three separate buildings, two with some main floor office space and fronting 49 Street, and a third larger warehouse with no office development sited at the rear of the lot. The rear building (#2) receives a 10% value adjustment to account for its lack of street exposure. Building #1 at 22,500 sq. ft. and constructed in 1978, has 3,750 sq. ft. of main floor office space and 3,750 sq. ft. of finished mezzanine space. Building #2 at 48,450 sq. ft. was built in 1988.



Building #3 at 22,863 sq. ft. was built in 1998 and has 9,931 sq. ft. of main floor office space. The gross building area of all three buildings is 93,813 sq. ft., which results in a site coverage of 43%. The assessment was prepared by the direct sales comparison approach utilizing sales occurring from January 2008 through June 2011.

### **Issue**

[3] At the hearing, the CARB heard evidence and argument on the following issue:

- 1. Is the subject fairly assessed in view of comparable sales that indicate a lower market value?**

### **Legislation**

[4] 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**

[5] The Complainant submitted a brief to the Board challenging the fairness of the assessment at \$9,176,500.

[6] The Complainant provided seven sales comparables similar to the subject in age, lot size, site coverage, and size. They were chosen for their comparability to the subject's gross building area of all three buildings combined. They range as follows:

	Subject	Comparables Range
Lot size sq. ft	207,894	107,945 - 484,591
Site Coverage %	43	35 - 54
Leasable area	93,814	53,853 –168,575
TASP/sq. ft.	97.82 (assessment)	\$60.63 – \$84.81



[7] On the market evidence, the Complainant argued that the subject should be assessed at \$80.00/sq ft, which would yield a value of \$7,505,000. The Complainant further argued that the comparable sales put forth by the Respondent were much smaller in size and therefore were not comparable to the subject at 93,813 sq. ft.

[8] The Complainant took issue with the Respondent's method of assessing multi-building properties: each building was assessed in isolation with assessment parameters derived from single building properties, and then aggregated. The Complainant suggested that this method overstated the value of a single-titled property that housed more than one building. In the market, the subject would trade as one parcel, not as the sum of three individual buildings, each on its own title.

### **Position Of The Respondent**

[9] The Respondent presented three sets of sales comparables: a group of eight selected for similarity to the main building at 22,500 sq. ft., a group of three sales similar to the larger rear building (#2) at 48,450 sq. ft. and a group of seven sales of more recent construction similar to building #3 at 22,863 sq. ft. The comparables were advanced as being similar to the subject in age, condition, site coverage, and size. The first group showed time-adjusted sales prices ranging from \$97.70 per sq. ft. to \$158.46 per sq. ft., the second group a range of \$86.88 to \$112.48 per sq. ft. and the third group ranged from \$122.27 to \$168.04 per sq. ft. In comparison, the subject was assessed at \$97.82 per sq. ft. overall.

[10] Although equity was not an issue brought forward by the Complainant, the Respondent included four groups of assessments of similar properties. Groups one, two and three compared properties similar in size to the three buildings located on the site of the subject property. Group four, consisted of three sales comparables similar to the total building area of 93,813 sq ft. of all three building comprising the subject. The assessments of these comparables ranged from \$92.77 per sq. ft. to \$131.69 per sq.ft.

[11] The Respondent requested the Board to confirm the 2012 assessment of the subject at \$9,176,500.

### **Decision**

[12] The decision of the Board is to reduce the 2012 assessment of the subject property to \$8,134,000.

### **Reasons For The Decision**

[13] The Board gave a fuller airing to the argument over multiple versus single building property assessment methodology in the decision for roll 8956047. The Board concluded in that decision that each complaint must be decided on the strength of evidence in each case and that there was no wrong or correct method, in the Board's judgment, that applied in all cases at all



times. In this case, the Board agreed with the Complainant that valuing the three separate buildings in comparison to other similarly-sized buildings on their own title would tend to overestimate the value of the subject. The Assessor's application of a 10% reduction to the assessed value of the rear building acknowledges its shortcomings with respect to rear access and street visibility, and reduces at least some of the premium valuation that the City attributes to two-or-more-building developments as compared to single buildings of the same total area. The Board agrees with the Complainant's observation that a buyer would look at the subject property as a 93,813 sq. ft. lump of space whose individual components would likely generate \$X of annual rent, rather than as the sum of a 22,500, 48,450 and 22,863 sq. ft. building, each on its own title.

[14] The Board examined the sales comparables provided by the Complainant and found most to be significantly different from the subject in terms of site area and leasable building area with one exception (#7), the property located at 14510-124 Avenue NW. Therefore, the \$80 per sq. ft. value derived by the Complainant from these differing comparables is not supported.

[15] The Board reviewed the Respondent's eighteen sales comparables; however, as they were selected for their similarity to the individual buildings, which comprise the subject property and not the aggregate gross area of the three buildings, the Board found it difficult to draw a meaningful value conclusion applicable to the subject as a whole.

[16] The Board noted that the Respondent submitted 28 equity comparables to lend support to the assessment of the subject. All but the last three were of smaller buildings, similar to the separate buildings of the subject and again presented difficulty in comparability to the subject. The last three were more similar to the subject in size. Comparable #26 was found to be only in "fair" condition with structural issues and having sold in December 2010 for \$5,300,000, which is \$1,156,999 less than its assessed value (ASR 1.28), raises questions regarding its comparability to the subject.

[17] The Board found comparable #27, located just south of the subject property, sold in February 2009 for \$3,800,000, suggesting that the 2012 assessment of \$4,638,500 may be excessive (ASR 1.2). The same panel heard the assessment complaint on this property immediately prior to that of the subject and had made a decision to reduce that assessment from \$99.90 to \$76.06/sq. ft. This is close to what the property had sold for (non time adjusted). The Board finds that the subject property is superior to comparable #27, especially in terms of age. Two of the subject's three buildings are 11 and 21 years newer than that of comparable #27.

[18] The last equity comparable #28, located at 9401 47 Street appears to be in the ballpark with respect to size, and it carries an assessment of \$99.90/sq. ft. With 11% less site coverage, it is superior to the subject and further suggests that the assessment of the subject is excessive.

[19] The Respondent drew the Board's attention to the Complainant's sale #7, correcting the gross building area to 65,400 sq. ft., the site coverage to 36%, and time adjusted sales price to \$86.70 per sq. ft. The Board finds this sale to be reasonably similar in size to the subject. It appears superior to the subject as it has better site coverage and no upper office space. It sets the upper limit and the Board finds that the subject should not be assessed any higher than this sales comparable on a per sq.ft. basis.

[20] The Board had thus narrowed the value range to greater than \$80 but no more than \$86.70, but could find no further signposts to a better-refined estimate of value. The Board



therefore reduces the 2012 assessment of the subject property to \$86.70 per sq. ft. for a total value of \$8,134,000.

Heard July 5, 2012.

Dated this 27<sup>th</sup> day of July, 2012, at the City of Edmonton, Alberta.

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John Noonan, Presiding Officer

**Appearances:**

Walid Melhem, Altus  
for the Complainant

Will Osborne, City of Edmonton  
for the Respondent