

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 0687

Assessment Roll Number: 8976615

Municipal Address: 4003 97 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

Dean Sanduga, Presiding Officer

Brian Carbol, Board Member

Mary Sheldon, Board Member

Preliminary Matters

[1] The parties to the hearing had no objection to the composition of the panel. The members of the Board did not indicate any bias with respect to this matter.

Background

[2] The subject property is a medium-sized, two-building warehouse complex constructed circa 1980. It is located in the Strathcona Industrial Park subdivision of the City of Edmonton. The complex has a gross building area of 52,523 square feet with site coverage of 30%. The assessment for 2012 is \$5,755,500.

Issue(s)

[3] Is the assessment of the subject property correct, fair and equitable?

Legislation

[4] The Municipal Government Act reads:

Municipal Government Act, RSA 2000, c M-26

s 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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 that the 2012 assessment of the subject property was excessive and requested a reduction to \$4,201,500.

[6] In support of this position, the Complainant presented a chart of four comparable sales located in Southeast Edmonton, three of which included upper office space. All were single building properties. These sales comparables indicated a requested value of \$80.00 per square foot of total building area for the subject property, for a total value of \$4,201,500, which is lower than the current assessment of \$5,755,500 (C-1, page 8).

[7] The four comparable sales ranged from \$65.29 to \$109.52 per square foot (time adjusted) compared to the subject's current assessment at \$109.58/square foot.

[8] The year of construction for the Complainant's sales comparables ranged from 1974 to 1980, while the subject was built in 1980.

[9] Site coverage for the four comparables ranged from 27% to 42 %, while the subject is at 30%.

[10] The Complainant also presented a chart with five equity comparables, all with upper office space. These equity comparables indicated a value of \$95.00 per square foot for the subject. All were single-building properties (C-1, page 9).

[11] The assessments for the equity comparables ranged from \$78.43per square foot to \$96.82 per square foot, compared to the subject's assessment at \$109.58per square foot.

[12] The year built for these equity comparables ranged from 1976 to 1978, while the subject was built in 1980. Site coverage for these properties ranged from 27% to 37%, compared to the subject's 30%.

[13] The Complainant noted that sale comparable #3 corresponds with equity comparable #5.

[14] In response to questioning by the Respondent the Complainant acknowledged that lease rates for its sales comparable # 3 are below market value.

[15] In rebuttal, the Complainant questioned the Respondent's first sale and suggested it was not comparable because it is actually comprised of two roll numbers. The Complainant further stated it is located on a major intersection.

Position of the Respondent

[16] In support of the 2012 assessment of the subject property, the Respondent presented two sales comparables. The Respondent's first sales comparable at \$161.30 per square foot is newer, superior in site coverage, has two buildings on site, and in the opinion of the Respondent stretches the bounds of good comparability (R-1, page 11).

[17] The Respondent's sales comparable #2 coincides with the Complainant's sales comparable #1 at \$109.55 per square foot compared to the assessment of the subject property at \$109.58 per square foot. This property has one building on site. The Respondent contends that this is a good comparable as two-building warehouse properties tend to be valued higher than single-building warehouse properties. Therefore, the subject would actually be superior to this property.

[18] The Respondent also submitted a chart of six equity comparables, all of which were properties with two buildings. In contrast, the Respondent indicated the equity comparables of the Complainant were all one-building properties. These comparables were similar in size to the subject, were slightly older, and ranged in age from 1974-1979 (subject 1980).

[19] The Respondent also drew the Board's attention to the City's Mass Appraisal Brief (R-1, pages 16-20). The Respondent noted that market value "encompasses a range of values" and that if an assessment falls within 5% above or below it will be considered reasonable (R-1, page 24). The Respondent stated that the assessment of the subject falls within that range.

[20] The Respondent also pointed out that the burden of proof or onus is on the Complainant (R-1, page 27) and that the Complainant had not met the onus in this case.

[21] When the Complainant questioned the Respondent on its equity comparables, the Respondent conceded that one of its comparables was on a major road but was assessed as interior as it does not have access to the road. The Respondent also stated that comparable #5, while being smaller than the subject, is assessed fairly as it has greater site coverage.

[22] In summary, the Respondent submitted that three of the Complainant's sales comparables included leases at below market value. Further, the Complainant's sale #1 (Respondent's sale #2) is the only comparable sale that should be considered by the Board. The Respondent also stated that all of the Complainant's equity comparables are inferior in age and site coverage (except for #5), while the Respondent's equity comparables are two-building properties, as is the subject.

[23] The Respondent concluded that the goal is to assess similar properties similarly, and that the Respondent's comparables do this. The Respondent therefore requested that the 2012 assessment for the subject property be confirmed at \$5,755,500.

Decision

[24] The decision of the Board is to confirm the 2012 assessment of the subject property at \$5,775,500.

Reasons for the Decision

[25] The Board considered all the evidence presented by the Complainant and the Respondent.

[26] The Board gave little weight to the Respondent's sales comparable #1 as it was newer and had lower site coverage.

[27] The Board found that the Respondent's second sales comparable at \$109.55 per square foot (Complainant's sales comparable #1) supports the 2012 assessment of the subject at \$109.58 per square foot.

[28] The Board found little evidence in the Complainant's three remaining sales comparables to support a reduction in the assessment of the subject property. Comparables #2 and #3 had leases that are below market value and they were much smaller than the subject. Sales comparable #4 is also much smaller than the subject (C-1, page 8). These factors are predictive of lower value.

[29] The Board noted that all four of the Complainant's sale comparables are single-building properties while the subject is a two-building property. The Complainant's inclusion of only single-building sales comparables may result in a lower market value. Ideally, multi-building properties should be compared to similar multi-building properties, unless appropriate adjustments are made to the value. The Board found no evidence for such adjustments.

[30] The Board considered the equity comparables of the Respondent and the Complainant.

[31] The Board gave most weight to the Respondent's equity comparables as they are similar in age, total building area and site coverage. They were all two-building properties, as is the subject property. These comparables support the 2012 assessment of the subject property.

[32] The Board gave less weight to the Complainant's equity comparables because they were all one-building warehouse properties, while the subject is a two-building warehouse property.

[33] Therefore, the Board has determined that the Complainant has not provided sufficiently compelling evidence to support finding that the assessment is incorrect. The Board confirms the 2012 assessment at \$5,755,500.

Dissenting Opinion

[34] There was no dissenting opinion.

Heard commencing November 2, 2012.

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

Dean Sanduga, Presiding Officer

Appearances:

Walid Melhem
for the Complainant

Joel Schmaus
for the Respondent

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.