

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 1052

Assessment Roll Number: 9561887
Municipal Address: 4304 76 Avenue 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 did not indicate any objection to the composition of the Board. The members of the Board did not indicate any bias with respect to this matter.

[2] Evidence, argument and submissions were carried forward, as far as relevant, from file # 9541905 to this file.

Background

[3] The subject is a medium-sized warehouse built in 1976 and located in the Weir Industrial subdivision of Edmonton. The building area is 46,127 square feet, of which 39,180 square feet is main floor space. Site coverage for the subject is 41%. There is one building on site. The current assessment of \$3,805,000 is under appeal. The parties agree that the industrial time adjustment factors used by the municipality are appropriate.

Issue(s)

[4] Is the current assessment of the subject correct, fair and equitable given the available market data?

[5] Is the appraisal of the subject, effective January, 2012, a reliable indicator of market value?

Legislation

[6] 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

[7] The Complainant submitted that the 2012 assessment of the subject was excessive. In support of this position, the Complainant provided an appraisal of the subject prepared effective January, 2012 (C-1, pages 36-55).

[8] The Complainant argued that this appraisal shows that the value of the subject is \$3,500,000, which is lower than the current assessment of \$3,805,000. The Complainant argued that this appraisal includes evidence of direct sales as of January 1, 2012 and also evidence of a direct capitalization approach. The Complainant submitted that since the date of the appraisal there has been a negative correction in the market.

[9] As well, the Complainant provided a chart of four sales comparables which, in the opinion of the Complainant, were similar to the subject. The time adjusted price per square foot ranged from \$64.48 to \$81.45. The Complainant stated that this evidence demonstrated that the assessment per square foot of the subject at \$82.49 was excessive and requested that a value of \$75.00 per square foot should be applied to the subject. (C-1, page 8).

[10] During questioning, the Complainant acknowledged that sale comparable #1 was a *post facto* sale. The Complainant also acknowledged that sale comparable #2 was in a superior location and had some vacant bays as well as some below market leases. With respect to comparable #3, the Complainant noted that the lease was expiring shortly after purchase, which could have an effect on the purchase price. The Complainant also acknowledged that the time adjusted sale price per square foot of comparable #4 supported the assessment per square foot of the subject.

[11] The Complainant requested that the Board reduce the 2012 assessment of the subject to \$3,447,500

Position of the Respondent

[12] The Respondent argued that the 2012 assessment of the subject was correct, fair and equitable.

[13] The Respondent noted that the appraisal report presented by the Complainant in support of a reduction in the 2012 assessment, had been prepared for the purpose of generating a book value for the International Financial Reporting Standards (IFRS). The Respondent argued that this was not an accurate reflection of market value. As well, the Respondent noted that the appraisal document was incomplete in that it lacked the cover letter and related appendices. The Respondent pointed out that the appraisal clearly stated that it was not a “stand alone” document and requested that the Board place little weight on this document (C-1, page 37-55).

[14] The Respondent noted that the Complainant’s sales comparable #1 was listed in only “fair” condition. The Respondent also indicated it was a “non-arm’s length” transaction and a *post facto* sale. The Respondent noted that the Complainant’s sale comparable #4 was the same as the Respondent’s sale comparable #1 and that this transaction supported the assessment of the subject.

[15] The Respondent provided a chart of six sales of properties which, in the opinion of the Respondent, were similar to the subject in terms of site coverage and year built (R-1, page 19). The range of time adjusted prices per square foot was from \$81.45 to \$112.48. The Respondent argued that this evidence supported the assessment per square foot of the subject at \$82.49.

[16] The Respondent also provided a chart of thirteen equity comparables, which showed a range of assessments per square foot from \$83.06 to \$94.50. The Respondent argued that this evidence also supported the assessment per square foot of the subject at \$82.49, (R-1, page 27).

[17] The Respondent requested that the Board confirm the 2012 assessment of the subject at \$3,805,000.

Complainant’s Rebuttal

[18] The Complainant provided a rebuttal document (C-2) which pointed out perceived difficulties with the comparable sales presented by the Respondent. The Complainant indicated that comparable #2 was much smaller than the subject, comparable #3 was in a superior location on a major roadway, and comparables #4 and #6 were not in the same area as the subject.

[19] The Complainant also provided an excerpt from the *Standard of Mass Appraisal of Real Property* to support the argument that the income approach was a preferred method of valuing industrial properties.

Decision

[20] The decision of the Board is to confirm the 2012 assessment of the subject property at \$3,805,000.

Reasons for the Decision

[21] The Board considered all of the evidence and testimony presented by the Complainant and the Respondent in this matter.

[22] The Board gave little weight to the appraisal of the subject property presented by the Complainant and agreed with the Respondent's contention that the appraisal had been prepared for the limited purpose of generating a book value for the International Financial Reporting Standards the (IFRS) and that, as such, it was an incomplete document.

[23] The Board placed little weight on three of the Complainant's four sales comparables. Specifically, the Board found that sales comparable #1 was a *post-facto*, non-arm's length sale; sales comparable #2 rented at below market value, which may negatively affect value; and sales comparable #3 will be vacant as soon as the current lease expires, which may also negatively affect value.

[24] The Board placed more weight on the Complainant's sales comparable #4, however, it supported the assessment and was also the Respondent's sales comparable #1.

[25] The Board also considered the 13 equity comparables of similar properties in Southeast Edmonton presented by the Respondent, and found them to support the assessment of the subject property. These properties exhibit characteristics similar to those of the subject in terms of age, condition, site coverage, lot size, and building count, and provide support for the assessment of the subject property.

[26] The Board has therefore determined that the Complainant has not provided sufficiently compelling evidence to support finding that the assessment is incorrect. The Board confirms the 2012 assessment of the subject property at \$3,805,000.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing November 1, 2012.

Dated this 27 day of November, 2012, at the City of Edmonton, Alberta.

Dean Sanduga, Presiding Officer

Appearances:

Walid Melhem
for the Complainant

Will Osborne
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.