

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2012 ECARB 978**

**Assessment Roll Number:** 2219400

**Municipal Address:** 14315 128 Avenue 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**  
**Dean Sanduga, Presiding Officer**  
**Jack Jones, Board Member**  
**Pam Gill, Board Member**

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### **Preliminary Matters**

[1] At the outset of the hearing, the parties indicated that they had no objection to the composition of the board. Each of the Board Members indicated that they had no bias with respect to this matter.

[2] During the Respondent's submission the Respondent raised an objection to the Complainant's evidence presented in Appendix B of C-1 (pages 43-207). The Respondent claimed that there was insufficient information provided to respond to the material. The Respondent requested that either the material be struck or that the Respondent be given additional time to respond to the material.

[3] The Board recessed and concluded that the Respondent needed to provide specific clarification as to the insufficiency of material. Once the hearing was reconvened the question was put to the Respondent, who could not answer the query.

[4] The Board decided to proceed with the hearing on Appendix B as presented. The timing and lack of specificity of the objection failed to convince the Board that the Appendix was insufficient.

### **Background**

[5] The subject property is a 2 building medium warehouse built in 1969 and 1977, located in the Bonaventure Industrial subdivision of Edmonton. The property is 26,643 square feet built on a 65,984 square feet area, with site coverage of 37%. It has been assessed in average condition at \$2,631,000 for 2012.

[6] The subject has been assessed using the direct sales comparison approach.

### **Issues**

[7] The Board considered the following issues:

- a. Is the subject property assessed fairly and equitably?
- b. Is the methodology for assessment of the subject as a multiple building property correct?

### **Legislation**

[8] 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;

284(1)(r) “property” means

- (i) a parcel of land,
- (ii) an improvement, or
- (iii) a parcel of land and the improvements to it.

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.

[9] The ***Matters Relating to Assessment and Taxation Regulation, Alta Reg 220/2004*** [MRAT] states

1(k) “mass appraisal” means the process of preparing assessments for a group of properties using standard methods and common data and allowing for statistical testing;

2 An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property.

6(1) When an assessor is preparing an assessment for a parcel of land and the improvements to it, the valuation standard for the land and improvements is market value...

### **Position of the Complainant**

[10] The Complainant presented evidence in a 207-page brief (C-1), a 22-page rebuttal (C-2) and argument for the Board's review and consideration.

[11] The Complainant submitted to the Board that the 2012 assessment of the subject was excessive. In support of this position, the Complainant presented four sales comparables (C-1, page 8) that supported his request that the assessment be reduced to \$2,078,000 (\$78.00/square foot), which was lower than the current assessment of \$2,631,000 (\$98.75/square foot).

[12] The Complainant presented three equity comparables (C-1, page 9), that supported the Complainant's request for \$90.00/square foot. These demonstrated that the value of the property should be \$2,397,500, which is lower than the current assessment of \$2,631,000 (\$98.75/square foot).

[13] The Complainant argued that there should be no difference in assessment of a property based on the number of buildings. The property should be assessed based on total combined square footage. Evidence was presented by the Complainant comparing sales of single building properties and multiple building properties showing that they sold in a similar fashion (C-1, pages 43-207). The Complainant placed minimal value on the scatter charts (C1, pages 43-47) that were provided.

[14] Upon questioning by the Respondent on the sales comparables, the Complainant responded that the fact the comparable sale properties were vacant or had below market leases did not necessarily have a negative impact on the sale price.

[15] In rebuttal the Complainant criticized three out of four of the Respondent's sales comparables (C-2, page 2). Two of the sales were located in south east Edmonton and the third property was significantly smaller than the subject.

[16] The Complainant pointed out a discrepancy with the Respondent's equity comparable #2 (R-1, page 23) and it's Detail Report (R-1, page 26). This brought into question the accuracy of the data presented for the ten remaining equity comparables provided by the Respondent.

[17] The Complainant also argued that the assessment of warehouse properties should be based on income rather than direct sales (C-2, page 6). He noted that the Respondent did not collect income information and therefore is unable to apply the appropriate methodology of assessment.

[18] In summary, the Complainant requested the 2012 assessment be reduced from \$2,631,000 to \$2,078,000 based on his direct sales comparables.

## **Position of the Respondent**

[19] The Respondent presented evidence in a 93-page brief (R-1), a 44 page Law and Legislation brief (R-2), a 22-page surrebuttal (R-3) and argument for the Board's review and consideration.

[20] The Respondent provided the Board with information as to how multiple building accounts are treated and assessed (R-1, page 34).

[21] The Respondent provided four sales comparables (R-1, page 12), the assessment per square foot ranged from \$91.38-\$113.01. The assessment of the subject at \$98.75/square foot falls within this range. Three of the comparables were two building properties and the remaining was a one building property.

[22] Eleven equity comparables were also provided (R-1, page 23). The comparable were all located in the west end and were two building properties and similar to the subject in terms of condition and age. The assessment per square foot ranged from \$94.08-\$123.32. The assessment of the subject is \$98.75/square foot.

[23] The Respondent criticized the Complainant's sales (C-1, page 8):

- i. Only one was a two building site;
- ii. Sale #1 had a below market lease;
- iii. Sale #2 was vacant at the time of the sale;
- iv. Sale #3 was also vacant at the time of the sale; and
- v. Sale #4 had a below market lease.

[24] The Respondent submitted a summary in response to the Complainant's sales charts (R-1, Appendix B, page 37). The Respondent argued that nothing meaningful had been demonstrated by the Complainant to refute the methodology used by the Respondent.

[25] In response to questioning, the Respondent admitted that Comparable #2 (R-1, page 12) was in a superior location. Furthermore, the Respondent advised that economies of scale could be a factor in sale #4 (R-1, page 12).

[26] Upon further questioning, the Respondent noted that due to the fact that a majority of warehouses are owner occupied the direct sales approach is used to assess these properties including the subject and not the income approach. The *Standard of Mass Appraisal of Real Property* (R-3, 22-page) was provided in the form of surrebuttal.

[27] The Respondent presented two previous Board decisions for information only and specified that they were not being entered into evidence.

[28] In summary, the Respondent requested that the 2012 assessment of the subject property at \$2,631,000 be confirmed.

## **Decision**

[29] The decision of the Board is to reduce the 2012 assessment of the subject property from \$2,631,000 to \$2,459,000.

## **Reasons for the Decision**

*a. Is the subject property assessed fairly and equitably?*

[30] After review and consideration of the evidence and argument presented by both parties, the Board determined that the 2012 assessment of the subject property should be reduced to \$2,458,500.

[31] The Board found the sales comparables submitted by both parties to be the most reliable indicators of value.

[32] Three of the Complainant's sales were not considered by the Board, as they were not comparable:

- i. Sale #1 combined two different role numbers; and
- ii. Sale #2 and #4 were considerably larger than the subject.

[33] Three of the Respondent's sales were not considered because they lacked comparability:

- i. Sale #2 was located outside of the market area in a superior location;
- ii. Sale #3 was also located outside of the market area and was in "fair" condition; and
- iii. Sale #4 was considerably smaller than the subject.

[34] The Board was persuaded by the Complainant's sale #3 (C-1, page 9) and the Respondent's sale #1 (R-1, page 12). These two recent sales were comparable to the subject in terms of age, size, site coverage, condition and location. It is further noted that these two sales were not criticized by either party. The average of these two sales is \$92.30/square foot.

*a. Is the methodology for assessment of the subject as a multiple building property correct?*

[35] On the issue as to what extent single- and multiple-building properties are treated differently for assessment purposes, the Board found that, although the legislation does not specifically address how single- and multi-building properties should be addressed, the legislated requirements respecting market value and mass appraisal provide guidance. The primary concern is that similar properties be compared, and if there are differences that may impact comparability (including the number of buildings), these differences be accounted and adjusted for.

[36] The Board did not find the methodology of assessing warehouses to be faulty and agreed with the description on Multi- Building Accounts presented by the Respondent in R-1, page 34.

[37] For these reasons the Board finds that a reduction of the assessed value of the subject from \$98.75/square foot to \$92.30/square foot is warranted and therefore reduces the 2012 assessment to \$2,459,000.

### **Dissenting Opinion**

[37] There was no dissenting opinion.

Heard November 5, 2012.

Dated this 15 day of November, 2012, at the City of Edmonton, Alberta.

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Dean Sanduga, Presiding Officer

### **Appearances:**

Walid Melhem, Altus Group  
for the Complainant

Suzanne Magdiak, Assessor  
for the Respondent

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*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.*