

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01152**

**Assessment Roll Number:** 10053391

**Municipal Address:** 4120 17 STREET NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Altus Group**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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**DECISION OF**  
**Harold Williams, Presiding Officer**  
**Jasbeer Singh, Board Member**  
**Taras Luciw, Board Member**

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### **Procedural Matters**

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members stated they had no bias on this file.

### **Background**

[2] The subject property under complaint is classified by the City as a Stand Alone Gas Bar. It is located at 4120 17 Street NW (In the Detail Reports provided by the Respondent and in material provided by the Complainant the address is also described as 4016 – 17 Street NW.) The property consists of a 625 square foot gas bar store, a 4160 square foot steel post canopy, 5 pump sets, two 12,000 US gallon underground fuel tanks, two 5,000 US gallon underground fuel tanks, and 37,769 square feet of asphalt paving. The 2013 assessment is \$1,922,500.

### **Issue(s)**

[3] Is the assessment of the subject property fair and equitable considering that the property was valued using a cost approach?

### **Legislation**

[4] **The *Municipal Government Act*, RSA 2000, c M-26, reads:**

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 provided to the Board an evidentiary document (Exhibit C-1) summarizing that the income approach to value is a more reliable method than the cost approach for the subject property valuation. The document also contained assessment detail information, a market value Proforma, market and assessment lease rate comparables, legal information on how market value assessment in Alberta is to be performed, capitalization rate comparison charts, and property sales information from the "Network" to provide backup for capitalization rates.

[6] The Complainant argued that the income approach is the best method to value the subject property because it is a retail property and there are many retail leases from which to compare and because depreciation for the cost approach is unreliable without many sales of this type of property. The Complainant also argued that all retail properties should be valued on an income approach to achieve equity.

[7] The Complainant provided an Income Proforma (Exhibit C-1, page 14 ) showing a market lease rate of \$19.00 per square foot and a capitalization rate of 7.5%. The Complainant also provided further information to substantiate the use of a capitalization rate of 7.5% (Exhibit C-1, pages 25 – 29). After the application of vacancy and structural allowances, the Complainant argued that the value for the subject property should be \$761,000 (C-1, page 14).

### **Position of the Respondent**

[8] The Respondent provided to the Board an evidentiary document (Exhibit R-1) showing photos of the subject property and photos of what the Respondent argued were comparable stand alone gas bars. The document also showed details on the costing of the subject property and assessments for comparable properties, excerpts from the Alberta Assessors Association Gas Station Valuation guide, information on the City's valuation approach to shopping centre properties and a Law and Legislation brief concerning the production of assessments in Alberta. The document also contained information on vacant land sales.

[9] The Respondent referred to the Alberta Assessors Association Valuation Guide on Gas Stations and argued that since gas stations rarely sell and lease and income information for stand alone gas bars is unreliable, the best approach to valuation is the cost method. The Respondent further argued that if the income approach was to be used, then excess land would need to be taken into account on almost all stand alone sites and this would significantly affect any end value. The Respondent argued that the vacant land sales information (Exhibit R-1, pages 18 – 21) showed that significant value would need to be accounted for if excess land were taken into account.

[10] The respondent argued that the stand alone gas station comparison chart (Exhibit R-1, page 14) showed that these types of properties were being treated equitably in terms of their comparative assessments.

[11] Finally the Respondent argued that other types of retail properties were not comparable to stand alone gas stations and asked that the 2013 assessment for the subject property be confirmed at \$1,922,500.

### **Decision**

[12] The decision of the Board is to confirm the 2013 assessment for the subject property at \$1,922,500.

### **Reasons for the Decision**

[13] The Board agreed with the Respondent that stand alone gas stations are not directly comparable to other types of retail properties. The Board accepts that these types of properties seldom sell and that lease information is unreliable. Income information is also unreliable given that the only measure of significant income activity is the amount of fuel dispensed from the gas station. Therefore a cost approach to valuation would appear more reliable.

[14] The Board accepted the Respondent's argument that gas station income is complicated in that there is a sliding scale of commissions for gas sold and therefore the cost approach for stand-alone gas stations was deemed more equitable.

[15] The Board also considered the issue of excess land if the property was assessed using the income valuation. Since no consideration of excess land was provided by the Complainant to either refute or support the effect of such an issue, the Board finds the Complainant's income valuation estimate incomplete and hence unreliable.

### **Dissenting Opinion**

[16] There was no dissenting opinion.

Heard on November 4, 2013.

Dated this 3<sup>rd</sup> day of December, 2013, at the City of Edmonton, Alberta.



For Harold Williams, Presiding Officer

### **Appearances:**

Jordan Nichol  
for the Complainant

Amy Cheuk

Frank Wong  
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.*