

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01229

Assessment Roll Number: 8627150

Municipal Address: 9725 - 62 AVENUE NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Steven Kashuba, Presiding Officer

Brian Hetherington, Board Member

Dale Doan, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties before the Board indicated no objection to the Board's composition. In addition, the Board Members indicated no bias with respect to this file.

Preliminary Matters

[2] Both parties indicated they had no preliminary matters on the file.

Background

[3] The subject property is a small warehouse constructed in 1957 and is located in the Rosedale Industrial subdivision in the southeast quadrant of the City of Edmonton. The building has a gross building area of 34,729 square feet, including a total of 5,060 square feet of cold storage sheds. The current assessment is \$3,267,000.

Issue(s)

[4] Is the subject property assessed correctly based upon sales comparables?

[5] Is the subject property assessed correctly based upon equity comparables?

Legislation

[6] 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

[7] In defense of their request for a reduction in the assessment amount, the Complainant provided for the Board’s review Exhibit C-1 consisting of 47 pages.

[8] As for the Complainant’s first issue of sales comparables, the Complainant indicated that they did not have any sales comparables, other then the purchase of the subject property consummated in January of 2008.

[9] The sale of the subject property occurred January 8, 2008 in the amount of \$1,875,000 (Exhibit C-1, page 25). The time-adjusted sales price to the valuation date of July 1, 2012 is \$1,898,063, while the assessment value is \$3,267,000.

[10] The Complainant pointed out that the current assessment reflects an increase of 100.3% over the assessment of 2012 and an increase of 43.4% over their requested value of \$1,898,500.

[11] To further support their argument, the Complainant provided six equity comparables as shown in chart for (Exhibit C-1, page 18).

[12] Two of the equity comparables are in the same southeast quadrant of the city as the subject property, while the other four are located in the northwest quadrant of the city.

[13] The effective age of the equity comparables range from 1961 through 1968, while the subject was constructed in 1957.

[14] The site areas of the equity comparables range from 63,184 to 88,910 square feet, while the subject is 77,931 square feet.

[15] The site coverage of the equity comparables range from 33% to 47%, while the subject is 40%.

[16] The leased building areas range from 24,180 to 33,160 square feet, while the subject is 34,729 square feet.

[17] The per square foot assessments of the main floor area range from \$80.38 to \$98.55 per square foot, while the subject is assessed at \$94.07 per square foot.

[18] The average assessment per square foot of the comparables is \$87.68, while the median is \$88.09. The Complainant requested \$85.00 per square foot.

[19] As for the 5,060 square feet of cold storage sheds the Complainant submitted that no market value should be attached to these (Exhibit C-1, page 15).

[20] By way in rebuttal to the Respondent's evidence, the Complainant submitted Appellant Rebuttal and Witness Report of the Property Owner (Exhibit C-2, 16 pages).

[21] The rebuttal report took issue with the Respondent's #1 equity comparable (Exhibit C-2, page 6, and Exhibit R-2, page 12). This comparable, in the submission of the Complainant, is on a major artery while the subject is not.

[22] Based on the evidence presented, the Complainant requested that the Board reduce the assessment from \$3,267,000 to \$1,898,063.

Position of the Respondent

[23] In support of the current assessment the Respondent presented Exhibit R-1 consisting of 54 pages.

[24] The detailed assessment report presented in Exhibit R-1, pages 10 and 11 indicates that the subject property consists of six buildings.

[25] Four of the six buildings are cold storage structures. The larger of the two remaining buildings consists of an office warehouse with a total area of 23,048 square feet, of which there is 3,526 square feet of main floor office and 3,500 square feet of finished mezzanine. The remaining 16,022 square feet are warehouse space.

[26] The sixth building is a 6,620 square foot storage warehouse.

[27] The Respondent did not present any sales comparables.

[28] To support their argument, the Respondent drew the Board's attention to their six equity comparables (Exhibit R-1, page 12). All of the equity comparables are located in the southeast quadrant of the City in Industrial Group 18.

[29] The effective year built range from 1971 to 1974, while the subject's effective age is 1968.

[30] The condition of each of these four equity comparables is average, similar to that of the subject property.

[31] The site coverage of each of these four equity comparables range from 31% to 40%, in contrast to the subject's site coverage of 34%.

[32] On pages 13 and 14 of Exhibit R-1, the Respondent provided copies of the assessment detailed report on the subject property for 2008 and 2012. Both of these were based on a cost approach.

[33] In cross examination, the Respondent stated that for 2013 the City changed its method of determining the assessment from a cost to a direct sales approach.

[34] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of \$3,267,000.

Decision

[35] It is the decision of the Board to confirm the assessment of the subject property for 2013 at \$3,267,000.

Reasons for the Decision

[36] The Board notes that the Complainant was not able to support their request for a reduction in the assessment amount by way of sales comparisons. None was provided, other than the purchase of the subject property which occurred on January 8, 2008.

[37] The Board places little weight on the six equity comparables presented by the Complainant because four of them were located in subdivisions far removed from the location of the subject property. The remaining two, which were in the same quadrant of the City, were shown by the Respondent to be inferior.

[38] Equity comparison #1 was applied a minus 10% industrial adjustment because of accessibility. Equity #2 was classified in the City's assessment notices as being in fair condition as compared to the subject which is in average condition.

[39] Turning to the six equity comparables presented by the Respondent, in only two cases was the Board able to conclude that these lacked comparability. In the first case, the Board agrees with the Complainant's concern that the Respondent's equity comparable #1 at 8520 Davies Road was on a major artery while the subject is not. It is for this reason that little weight can be attached to this equity comparable.

[40] In the second equity comparable, the Respondent noted that equity comparable #4 at 9304 - 60 Avenue received an adjustment because of its vertical configuration. As a result, the Board places little weight on this equity comparable.

[41] However, the remaining four equity comparables presented by the Respondent are comparable in age, site coverage, condition, and building size. The Board is persuaded that these four equity comparables reflect the characteristics of the subject property.

[42] The assessments of these four equity comparables range from \$108.87 to \$113.95 per square foot, and support the assessment of the subject at \$110.11 per square foot.

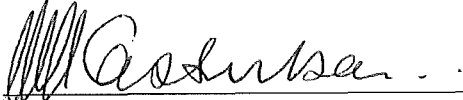
[43] Having regard for the foregoing reasons the Board concludes that the assessment is fair and correct and should not be disturbed.

Dissenting Opinion

[44] There was no dissenting opinion.

Heard on July 25, 2013.

Dated this 1st day of August, 2013, at the City of Edmonton, Alberta.


Steven Kashuba, Presiding Officer

Appearances:

Kerry Reimer, Altus Group
for the Complainant

Marcia Barker, City of Edmonton
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.