

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01230

Assessment Roll Number: 1076462

Municipal Address: 3104 - 121 AVENUE NE

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] There were no Preliminary Matters.

Background

[3] The subject property, zoned as IM, is a small warehouse constructed in 2010 and is located in the Clover Bar subdivision of the City of Edmonton. The lot size is 48,138 square feet and the site coverage is 15.2%. Improvements consist of one warehouse with a total area of 7,320 square feet. Included in the total floor area is an office consisting of 1,420 square feet. The 2013 assessment of the property is \$2,134,500.

Issue(s)

[4] Do assessments of similar properties support the assessment?

[5] Do sales comparables of similar properties support the assessment?

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 support of the assessment the Complainant submitted Exhibit C-1, consisting of 52 pages (Appellant Disclosure and Witness Report of the Property Owner), and Exhibit C-2, consisting of 21 pages (Appellant Rebuttal and Witness Report of the Property Owner).

[8] The Complainant presented four sales comparisons in Exhibit C-1. One sales comparable is located in the same quadrant of the city as the subject property, while three are located in the western quadrant of the City in the Winterburn subdivision (Exhibit C-1, page 8).

[9] All four sales comparables occurred between April of 2008 and February of 2012 and reflect a time-adjusted sales value per square foot ranging from \$92.36 to \$238.46 (Exhibit C-1, page 8). The subject property is assessed at \$291.61 per square foot.

[10] The average value per square foot of the sales comparables is \$191.40, the median is \$217.40, and the requested value is \$200.00 per square foot, resulting in a requested assessment value of \$1,463,500, as opposed to the 2013 assessment of \$2,134,500 (Exhibit C-1, page 8).

[11] As for assessments of similar properties, the Complainant presented eight equity comparables (Exhibit C-1, page 9). These equity comparables reflect an average assessment of \$167.85 per square foot, a median of \$167.54, and a requested value of \$168.00 per square foot. By applying a value of \$168.00 per square foot, the resultant requested assessment is \$1,229,500 (Exhibit C-1, page 9).

[12] Although a sales comparison approach to market value would indicate an assessment of \$1,463,500, the Complainant submitted that the equity comparables, which reflect an assessment value of \$1,229,500, are more indicative of market value. As a result, it is their request to the Board to reduce the assessment from \$2,134,500 to \$1,229,500 (Exhibit C-1, page 10).

[13] In further support of their request for a reduction in the assessment amount, the Complainant submitted in Exhibit C-2, Rebuttal, that the Board should place little weight upon the Respondent's sales comparisons because two out of four have significantly less site coverage than the subject (see Exhibit R-1, page 13 and Exhibit C-2, page 4). The site coverage for the subject property is 15% while the Respondent's sales comparable #2 is only 4%, and 6% for sales comparable #4.

[14] In commenting on the Respondent's equity comparables (Rebuttal, Exhibit C-2), the Complainant noted that each of the three comparables has less site coverage than does the subject. Equity comparable #1 has roughly 81,000 square feet more land than does the subject; comparable #2 has 48,000 square feet more land than the subject; and comparable #3 has roughly 30,000 square feet more land than does the subject.

[15] As a result, it is the Complainant's position that the Respondent's equity comparables do not reflect characteristics similar to those found in the subject property and cannot be relied upon as portraying fair and correct equity comparables (Exhibit C-2, pages 4 and 5).

[16] The Complainant summarized their position by requesting that the Board reduce the assessment of the subject property from \$2,134,500 to \$1,229,500.

Position of the Respondent

[17] In support of the assessment, the Respondent presented Exhibit R-1, Testimonial Statement, 67 pages, and Exhibit R-2, a 2-page Surrebuttal.

[18] The four sales comparables presented by the Respondent (Exhibit R-1, page 13) occurred between January of 2008 and March of 2010, are time adjusted to the valuation date of July 1, 2012, reflect a site coverage ranging from 4% to 20% (the site coverage for the subject is 15%), and a time-adjusted sale price per square foot for the total area of the warehouse ranging from \$218.05 to \$361.70 per square foot (the subject property is assessed at \$291.61 per square foot).

[19] The Respondent provided the Board with their reasons why the Complainant's sales comparisons are not valid (Exhibit R-1, page 19). In particular, the Respondent took issue with property #1 which sold in 2008 with 2,800 square feet of main building area as opposed to their representation of 12,960 square feet (Exhibit C-1, page 8). The additional square footage was added to the total floor area two years after the consummation of the sale. As a result, the calculation of the sale value per square foot should be computed on the date of sale. By applying the correct floor area, a value of \$361.54 is attained and not \$92.36 as presented by the Complainant.

[20] Further, the Complainant's sales comparisons #2, 3, and 4 occurred in the Winterburn subdivision, which have no services and therefore rightfully reflect lower market values than the subject property. These sales do not exhibit characteristics similar to the subject property and should not be used as sales comparables.

[21] The Respondent's sales comparable #2 (Exhibit R-1, page 13) was also presented by the Complainant as their sales comparable #1 (Exhibit C-1, page 8). In this regard, the Board accepts the Respondent's representation that at the time of sale the total leasable building area was 3,733 square feet and not as presented by the Complainant (Exhibit C-1, page 8) as being 12,960 square feet (see #19, above).

[22] By applying the correct floor area, the time-adjusted sales value at the valuation date of July 1, 2012 is \$361.54 per square foot and not \$92.36 as presented by the Complainant.

[23] In way of conclusion, it is the opinion of the Respondent that their sales comparables fully support the assessment.

[24] As for equity, the Respondent presented three equity comparables (Exhibit R-1, page 18). The site coverage for each of the three equity comparables range from 7% to 10% (the site coverage for the subject property is 15%), the total main floor areas range from 6,233 to 9,637 square feet (the total floor area for the subject property is 7,320 square feet), and the assessments per square foot range from \$267.91 to \$342.03 (the subject property is assessed at \$291.61 per square foot).

[25] In the opinion of the Respondent, the equity and sales comparables support the 2013 assessment of \$2,134,500.

Decision

[26] It is the decision of the Board to reduce the assessment of the subject property for 2013 from \$2,134,500 to \$1,808,000.

Reasons for the Decision

[27] The Board notes that one sales comparable was selected by both parties (12015 – 28 Street) as representing the characteristics of the subject property. When the square footage of the floor area is correctly stated (as is the case with the Respondent), the time-adjusted sales value per square foot is \$361.70. This value far exceeds the assessment of the subject property set at \$291.61 and supports the assessment.

[28] In addition, three other sales comparables were presented by the Respondent, one of which took place near the subject property, support the assessment.

[29] The Complainant's three sales comparables (excluding the one sale selected in common with the Respondent) took place in a subdivision far removed from the subject property, are not serviced, and two of them do not have any office space. As result, these comparables do not support the Complainant's request for a reduction in the assessment amount.

[30] As for the Complainant's argument that the sales comparables presented by the Respondent should not be considered because of the variances in site coverage in contrast to the subject property, is rejected by the Board. The site coverage for the subject is 15%, while the site coverage for the comparable sales range from a low of 4% to a high of 20%. Further to this, the one comparable wherein the site coverage is only 4%, was the very same sales comparable selected by the Complainant.

[31] However and in contrast to sales comparables, the Board places considerable weight upon the Complainant's eight equity comparables. Six of them occurred in the same quadrant of

the City as is the subject property. These support the Complainant's request for a reduction in the assessment amount.

[32] Only one equity comparable presented by the Complainant (Exhibit C-1, page 9, equity comparable #7) cannot be relied upon to reflect the equity of the subject property because it is a condominium warehouse.

[33] The Board rejects the Respondent's submission that four out of six equity comparables presented by the Complainant should not be considered because the Respondent used the cost approach to determine assessment value rather than a sales comparison approach.

[34] In this regard, the Board notes that the Respondent indicated that the cost approach to value should result in the determination of market value. As a result, the Board sees no reason to reject the Complainant's equity comparables #1, 2, 5, and 6 (Exhibit C-1, page 9) which utilized a cost approach to value.

[35] On the other hand, the Board also accepts that two out of three of the Respondent's equity comparables, which occurred in the same quadrant of the City as is the subject property (Exhibit R-1, page 18, located at 12069 – 32 Street and 2121 – 121 Avenue), do support the current assessment.

[36] In reaching its decision, the Board takes into consideration those sales and equity comparables presented by the parties which support their respective positions.

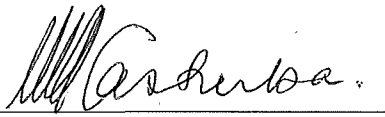
[37] As a result of the foregoing reasons, a downward adjustment to the current assessment from \$2,134,500 to \$1,808,000 is warranted.

Dissenting Opinion

[38] 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:

Adam Greenough, 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.