

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01235

Assessment Roll Number: 1554005

Municipal Address: 17204 106A 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

Harold Williams, Presiding Officer

Martha Miller, Board Member

Mary Sheldon, 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 is located in the McNamara Industrial subdivision. It is described as a medium warehouse constructed in 1977 and has a gross building area of 17,216 square feet.

Issue(s)

[4] Is the 2013 assessment of the subject property correct when considering sales of comparable properties?

[5] Is the 2013 assessment of the subject property fair and equitable when considering the assessments of comparable properties?

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 position that market data did not support the 2013 assessment of the subject, the Complainant provided a chart of sales of six properties which, in the opinion of the Complainant, are similar to the subject (Exhibit C-1, page 8).

[8] The site coverage for the comparables ranged from 27% to 50% and the ages ranged from 1971 to 1983. The site coverage for the subject is 36% and the year built is 1977.

[9] The Complainant demonstrated that the time adjusted sale price per square foot of leasable building area ranged from \$80.14 to \$100.95. The average time adjusted sale price per square foot of leasable building area of the comparables is \$91.80. The Complainant argued that this evidence showed that the assessment of the subject at \$122.56 for the current year is excessive and argued that a value of \$92 per square foot would be appropriate.

[10] The Complainant also advised that many of the comparables had been used in a merit hearing for the previous year’s assessment which had resulted in a reduction.

[11] Based on the market evidence, the Complainant requested that the Board reduce the 2013 assessment of the subject to \$1,583,500.

[12] The Complainant also argued that the 2013 assessment of the subject was not equitable when compared with the assessments of similar properties (Exhibit C-1, page 9). In support of that argument, the Complainant provided a chart of the assessments of nine properties similar to the subject. The range of assessments per square foot of those comparables ranged from \$96.50 to \$114.20 with an average of \$108.57.

[13] The Complainant argued that this showed that the assessment of the subject at \$122.56 per square foot was too high and requested that value of \$108 per square foot should be used.

[14] When applied to the area of the subject, the value of \$108 per square foot results in an assessment of \$1,859,000. The Complainant requested that the Board reduce the assessment of the subject to this amount. The Complainant also noted that many of these equity comparables had been used in a merit hearing for the previous year’s assessment which had resulted in a reduction.

[15] The Complainant argued that a Board had reduced the previous year's assessment of the subject to \$1,429,000 and provided a copy of this Board order.

[16] The Complainant submitted that the time adjusted value of that previous year's assessment is \$1,475,500 and requested that the Board reduce the 2013 assessment of the subject to that amount.

Position of the Respondent

[17] The Respondent provided a submission (Exhibit R-1, 58 pages) in support of the 2013 assessment of \$2,110,000 for the subject property.

[18] The Respondent provided four sales comparables for the subject property (Exhibit R-1, page 8) and demonstrated that all of the sales comparables required an overall downward comparability adjustment for value factors superior to the subject property.

[19] The site coverage for the comparables ranged from 24% to 50% and the effective year built ranged from 1974 to 1989. The site coverage for the subject is 36% and the effective year built is 1977.

[20] There were six equity comparables provided by the Respondent (Exhibit R-1, page 13) all in the same industrial grouping as the subject and only one requiring an upward adjustment. The range of assessments per square foot of the comparables was from \$118.28 to \$131.94. The assessment per square foot of the subject is \$122.56.

[21] The submission included Appraisal Institute material on Adjustment and Analytical Techniques in the Direct Comparison Approach (Exhibit R-1, pages 15-21).

[22] The Respondent evaluated the sales comparables provided by the Complainant (Exhibit R-1, pages 21-22) and included information that sale #4 was non arms length and therefore not a valid sale. The Respondent also noted that the Complainant's sale comparable #5 had a below market lease rate agreement and submitted that this comparable was not valid. Finally, the Respondent noted that for Complainant comparable #6, the building is in fair condition rather than in average condition as is the subject.

[23] The Respondent evaluated the Complainant's Equity Comparables and provided data (Exhibit -1, pages 25-31) which demonstrated size and site coverage issues with seven of the nine comparables (Exhibit C-1, page 9).

[24] The Respondent also drew the Board's attention to the independence of each year's assessment (R-1, page 54) in its legal brief.

[25] The Respondent asked the Board to confirm the 2013 assessment for the subject property at \$2,110,000.

Decision

[26] The decision of the Board is to confirm the 2013 assessment of the subject property at \$2,110,000.

Reasons for the Decision

[27] When considering the correctness of the assessment and having regard to market sale data, the Board is of the opinion that the Respondent's sale comparables are more reliable particularly in light of issues identified with some of the Complainants sale comparables. Two of the Complainant's comparables were found to be of little assistance in establishing value for the subject – one sale was non arms length and one involved a lease interest. Therefore the Board was satisfied that the 2013 assessment of the subject property is correct when considering sales of similar properties.

[28] When considering the equity of the 2013 assessment of the subject property in comparison with the assessments of similar properties, the Board noted that the Complainant's equity comparables contained errors in building size, site coverage and office space size. The Board found the Respondent's assessment comparables more reliable in light of the issues identified with the Complainants comparables. Therefore the Board was satisfied that the 2013 assessment of the subject property appeared fair and equitable when considering assessments of similar properties.


[29] With respect to the Complainant's request that the Board reduce the 2013 assessment of the subject to the time adjusted value of the reduction ordered during a merit hearing for the 2012 assessment year, the Board notes that each year's assessment is independent of the previous year and that a Board is not bound by the decisions of previous Boards.

Dissenting Opinion

[30] There was no dissenting opinion.

Heard on July 26, 2013

Dated this 15th day of August, 2013, at the City of Edmonton, Alberta.


Harold Williams, Presiding Officer

Appearances:

Adam Greenough
for the Complainant

Marcia Barker
Nancy Zong
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.