

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01655**

**Assessment Roll Number:** 10015084

**Municipal Address:** 5215 CALGARY TRAIL

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**

**Shannon Boyer, Presiding Officer**

**Martha Miller, Board Member**

**Mary Sheldon, Board Member**

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### **Procedural Matters**

[1] Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. The members of the Board stated they did not have any bias in respect of this matter.

### **Preliminary Matters**

[2] There were no preliminary matters.

### **Background**

[3] The subject is known as Volvo of Edmonton and is located at 5215 Calgary Trail in South Edmonton. The property owner is Duncor Development Corporation. The parcel size is 51,285.523 square feet and is zoned CB2. This commercial retail property is assessed manually on a land override by the City. The 2013 assessment of land is \$1,922,000, or \$37.48 per square foot and the improvement on site is valued at \$500.00.

### **Issue(s)**

[4] Is the assessment appropriate based upon sales of comparable land?

## **Legislation**

### **[5] 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**

[6] The Complainant provided the Board with documentation, rebuttal and oral evidence in support of its request that the assessment for subject be reduced from \$1,922,500 to \$1,410,500 (Exhibits C-1 and C-2).

[7] The Complainant agrees that the subject’s highest and best use is as an auto sales lot.

[8] The Complainant provided a chart and supporting evidence of four land sales that, in its opinion, are similar to the subject property (C-1, page 8, 19-26). The Complainant advised the Board that comparable 3 at 5524/40 Gateway Blvd has the most features in common with the subject. Two comparables are in the south east (Millwoods area) and one comparable is in the central south side. The site area of the Complainant’s sales comparables ranges from 43,560 to 215,493 SF, the median at 134,383 SF, and the subject at 51,286 SF. The time adjusted price per square foot of the comparables ranges from \$26.43 to \$29.84, with the median at \$27.55 SF, the assessment at \$37.48 SF. The Complainant submitted that an appropriate value for the subject, based on this evidence is \$27.50 per square foot.

[9] In summary the Complainant argued the assessment for subject is incorrect in comparison to similar land sales. A recent CARB decision supported \$27.50 SF for the adjacent property auto dealership. The Complainant requested that the 2013 assessment be reduced to \$1,410,500.

## **Position of the Respondent**

[10] The Respondent provided the Board a documentation and oral evidence in support of the position that the 2013 assessment for subject at \$1,922,500 is correct (R-1).

[11] The Respondent provided an Account Detail Report outlining the approach for assessment for subject for 2010-2012 (R-1 page 7). For the current year, the subject is assessed for land value only, plus a nominal amount for the building of \$500.

[12] The Respondent informed the Board that in 2010, the subject was assessed using the income approach with an assessment of \$2,327,000. In 2011 and 2012, the subject was assessed with a manual override, in the amount of \$1,922,500 for both years.

[13] The Respondent provided three land sales in support of the 2013 assessment (R-1, page 11). Two of the sales, on 104 Street, are close to subject and the third is south of subject on Calgary Trail. The lot sizes vary widely with sales comparable 2 at 9,309 square feet and sales comparable 3 at 145,491 square feet. All three are in the south west area of the city. The time adjusted sale price per square foot ranges from \$35.92 to \$48.69, the average is \$43.13 SF, the median is \$44.78 as compared with the assessment of the subject at \$ 37.48 SF. The Respondent argued the comparables, overall, on a per square foot basis, support the assessment of the subject.

[14] Although the subject is not assessed using an income approach, the Respondent provided an "As If" Income Assessment calculation as a test. The Respondent utilized a typical rental rate of \$16.25, a vacancy rate of 5%, structural repair of 2%, a vacancy shortfall of 4.5%, and a cap rate of 7%. That produced an assessment for subject of \$2,196,838.20. Included in that calculation is an excess land value of \$1,135,470 or \$37.48 per square foot. The 2013 assessment of subject is \$1,922,500 (R-1, page 21). The Respondent argued that its income approach test, establishes that the 2013 assessment is accurate and fair.

[15] The Respondent provided a copy of the 2013 Rent Roll for subject, noting that there are no operating expenses as the owner/tenant pays these expenses (R-1, pages 22-28).

[16] The Respondent provided a second "As If" Income Assessment calculation for subject utilizing the actual income for subject as provided in the rent roll: \$180,000 or \$34.16 per square foot. The same allowances and cap rate were used as in test 1. Test 2 assessment was \$2,377,060.71 and the 2013 assessment is \$1,922,500 (R-1, page 28). No value was given for the excess land. The Respondent argued that test 2, valuation based on actual income, demonstrated that the 2013 assessment is accurate and fair.

[17] The Respondent advised the Board that the subject was one of two properties in a multi parcel sale. The properties are adjacent and the second property is much larger at 102,476 square feet than subject (C-2, page 28). According to the sales documentation, both parcels sold together in November 10, 2011 for the sum of \$6,080,000.

[18] The Respondent advised the Board that the second property appealed its 2013 assessment and its assessment was reduced from \$5,108,000 to \$3,849,500. The Respondent argued that if the 2013 assessments for the subject and the second property were combined in the amount of \$5,772,000, their assessed market value is less than their actual sale price of \$6,080,000. To reduce the subject's 2013 assessment would result in a further difference in assessment and actual sale price. It was argued that this would be inconsistent with the Approaches for Mass Appraisal that the City is required to follow under the legislation.

[19] The Respondent argued that its sales comparables, accounting for economies of scale, support the 2013 assessment.

[20] The Respondent asked the Board to confirm the 2013 assessment for subject at \$1,922,500.

## **Rebuttal**

[21] The Complainant's rebuttal contained sales sheets regarding the Respondent's three sales comparables (C-2, pages 3-6). The Complainant argued that the Respondent's comparable 1 is less than one third the size of subject. Comparable 2 is smaller than the subject and is possibly not an arm's length transaction. Comparable 3 was of a significantly larger size than the subject, with significant improvements.

[22] In further rebuttal, the Complainant provided information from the Complainant's inventory of auto dealerships. There were eight auto dealerships with copies of city assessment documentation (C-2, pages 6-22).

[23] As well, the Complainant argued that the Respondent's rent roll information was not correct and in support, it provided email correspondence from Volvo of Edmonton confirming that their lease agreement is with their parent company Duncor Development Corporation (C-2, page 23).

[24] The final point in the Complainant's rebuttal of the Respondent's evidence was the 2013 CARB decision for the property adjacent to the subject. This decision reduced the land assessment for the adjacent property to \$27.50 per square foot. The Complainant argued that this decision is consistent with the median of the Complainant's sales comparables provided for subject at \$27.55 per square foot.

## **Decision**

[25] The Board confirmed the 2013 assessment for subject at \$1,922,500.

## **Reasons for the Decision**

[26] The Board acknowledges that the adjacent property was amended on appeal. Notwithstanding Complainant's contention that its evidence was similar in both cases, the Board is not bound by decision of other Composite Assessment Review Boards.

[27] The Board noted the Respondent's two "As If" test calculations, which used an income approach to calculating an assessment for the subject. The Board noted that these calculations were only provided as examples to show that the current assessment of the subject is correct. These examples are hypothetical and are of little assistance in establishing the land value for the subject.

[28] The Board noted the Respondent's argument that adjusting the 2013 assessment would separate it further from the actual sale price of the combined lots. Based on the principles of mass appraisal, the actual sale price and the assessed market value, can differ. The Board, therefore, is not persuaded by the Respondent's argument.

[29] The Board reviewed the eight Automotive Assessments provided in the Complainant's rebuttal. In the opinion of the Board, this evidence was of little assistance in establishing value for the subject.

[30] The Board examined the Complainant's comparables. Comparable 1 is close in size to the subject, but its location is inferior to subject. Complainant's comparables 2, 3, and 4 are substantially bigger than the subject. With respect to comparable 3, the property is three times

the size of the subject. According to the theory of economies of scales, the value per square foot of the comparable should be considerably less than the value per square foot of the smaller subject.

[31] The Board reviewed the Respondent's land sales comparables. These properties are closer to subject in location and share similar traffic counts with the subject. The time adjusted price per square foot average is \$43.13, the median is \$44.78, and the assessment is \$37.48 per square foot.

[32] In the opinion of the Board, the evidence provided by the Complainant is not sufficiently compelling to persuade the Board to alter the assessment. The Respondent's comparable land sales support the assessment.

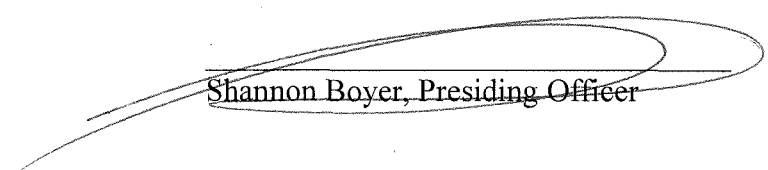
[33] The Board confirmed the current 2013 assessment for subject at \$1,922,500.

### **Dissenting Opinion**

[34] There was no dissenting opinion.

Heard on October 17, 2013.

Dated this 12<sup>th</sup> day of November, 2013, at the City of Edmonton, Alberta.



Shannon Boyer, Presiding Officer

### **Appearances:**

Brett Flesher  
for the Complainant

Tim Dueck  
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.*