

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01657**

**Assessment Roll Number:** 6350219

**Municipal Address:** 13022 97 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**

**Shannon Boyer, Presiding Officer**

**Martha Miller, Board Member**

**Mary Sheldon, Board Member**

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### **Procedural Matters**

[1] The parties did not indicate any objection to the composition of the Board. The Board members did not report any bias or conflict of interest with respect to this file.

### **Preliminary Matters**

[2] There were no preliminary matters.

### **Background**

[3] The subject is an auto service property located at 13022 97 Street in the Lauderdale subdivision of Edmonton. The effective age of the subject is 1985. The building area is 3,321 square feet and the lot size is 7,356 square feet. Site coverage is 48%.

[4] The subject is assessed pursuant to the income approach to value and the 2013 assessment is \$806,500. The Complainant is requesting that the value of the subject be reduced to \$607,500.

### **Issue(s)**

[5] The complaint form included a number of issues, however, most of these were abandoned. The Complainant advised that only the following issues remained to be decided by the Board:

What is the appropriate rental rate to be applied?

Is the assessment of the subject appropriate when considering the sales of comparable properties?

Is the assessment of the subject fair and equitable when the assessments of comparable properties are considered?

### **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] The Complainant provided an assessment brief (Exhibit C-1, 31 pages) in support of the position that the 2013 assessment of the subject is excessive.

[8] The Complainant advised that the subject is located on busy 97 Street, subject to extreme traffic flow.

[9] With respect to the correct rental rate to be applied to the subject, the Complainant stated that the subject was owner occupied and that there was no actual rent. The Complainant noted that the municipality had applied a \$18.50 per square foot lease rate to the main floor space of the subject (Exhibit C-1, page 11).

[10] The Complainant provided an assessment lease rate comparable chart (Exhibit C-1, page 15) in support of the argument that \$18.50 per square foot is an excessive rent and that \$14 per square foot would be appropriate.

[11] The nine lease rate comparables presented by the Complainant are all auto service properties, similar to the subject, and located all over the municipality. The median rental per square foot of these comparables is \$13.50 per square foot. In particular, the Complainant pointed out comparable #1, directly across the street from the subject, which was assessed at a rental rate of \$14 per square foot (Exhibit C-1, page 17).

[12] The Complainant argued that this evidence demonstrated that \$14 per square foot as a rental rate for the main floor space is appropriate to be applied to the subject.

[13] The Complainant also argued that applying this rental rate would reduce the assessment of the subject to \$607,500.

[14] The Complainant submitted that this would ensure that the subject is assessed fairly and equitably in comparison with similar properties.

[15] With respect to comparing the assessed value of the subject with the sales of comparable properties, the Complainant submitted that there were very few sales to be considered. The Complainant presented only one sale, the "Fountain Tire" property, which is located close to the subject at 13450 97 Street (Exhibit C-1, page 23).

[16] The Complainant provided a *pro forma* for those sales comparable which showed that the municipality had applied a \$14 per square foot rental rate (Exhibit C-1, page 25).

[17] The Complainant also argued that the time adjusted sale price of the "Fountain Tire" property supports a \$14 lease rate.

[18] The Complainant submitted that values along 97 St. are inflated and that the subject is being penalized with an increased assessment for its location.

[19] The Complainant requested that the Board reduce the 2013 assessment of the subject to \$607,500.

#### **Position of the Respondent**

[20] The Respondent provided an assessment brief (Exhibit R-1, 41 pages) in support of the position that the assessment of the subject is appropriate, fair and equitable and, in particular, that a lease rate of \$18.50 per square foot is the correct market rent to apply to the main floor space.

[21] The Respondent provided a chart of three auto service properties equity rents (Exhibit R-1, page 11). Two comparables (#1 and #2) were located some distance from the subject, although one was in the same neighborhood district. Comparable 3 is located nearby.

[22] The average auto service equity rent of these comparables is \$19 per square foot. The Respondent argued that this supports the \$18.50 per square foot rental rate applied to the subject.

[23] The Respondent provided a chart of auto service market rents for properties located city-wide (Exhibit R-1, page 15). The average of those market rents per square foot is \$18.88, which, the Respondent argued, supported the market rent of \$18.50 per square foot applied in the valuation of the subject.

[24] The Respondent submitted that the Complainant's equity lease rate comparable 1, directly across the street from the subject, is both much larger and older than the subject. Those negative factors would support a \$14 per square foot lease rate for comparable 1.

[25] The Respondent advised the Board that the sales comparable relied on by the Complainant, the "Fountain Tire" sale, should be given little weight. The Respondent stated that

the sale was between lessor and lessee and that the property had not been listed or marketed. In the opinion of the Respondent, the "Fountain Tire" sale was not an indicator of market value.

[26] Under questioning, the Complainant noted that the Respondent's chart of auto service market rents shows comparables located city-wide and may not provide the most assistance in establishing value for the client (Exhibit R, 1 page 15).

[27] The Respondent requested that the Board confirm the 2013 assessment of the subject at \$806,500.

### **Complainant's Rebuttal**

[28] The Complainant provided a rebuttal document (Exhibit C-2, 1 page) containing a map which demonstrated that the Respondent's lease comparables are located in many different locations in the municipality.

### **Decision**

[29] The decision of the Board is to confirm the current assessment of the subject at \$806,500.

### **Reasons for the Decision**

[30] With respect to the issue of the appropriate rental rate to apply in the income valuation of the subject, the Board is not persuaded by the lease rate comparables provided by the Complainant to support a request for \$14 per square foot.

[31] The Complainant advised that the best lease rate presented was his comparable 1, which is the "Speedy Glass" property across the street. That property is assessed using a \$14 per square foot rental rate.

[32] In the opinion of the Board, this comparable does not support the request for \$14 rental rate for the subject. The "Speedy Glass" comparable is older and twice the size of the subject. According to the theory of economies of scale, while \$14 per square foot might be appropriate for that comparable, the subject is much smaller and the value per square foot should be higher.

[33] The Board reviewed the assessment lease rate comparables presented by the Respondent. Two of the comparables are located in the same neighborhood as the subject. One of those two comparables, #2 at 13020 97 Street, is located next door to the subject and is virtually the same size as the subject. That property attracts a rental rate of \$18.75 per square foot which supports the Respondent's position.

[34] The Board concludes that the evidence provided by the Respondent supports a rental rate of \$18.50 per square foot for the subject and supports a finding that the subject is assessed fairly and equitably with similar properties.

[35] With respect to the correctness of the subject assessment considering market data, the Board notes that the only sale evidence provided by the parties was the sale of the "Fountain Tire" property.

[36] The Board accepts the submission of the Respondent that this "Fountain Tire" sale data should be used with caution since the property was not marketed nor listed and the transaction took place between lessor and lessee.

[37] As well, the Board notes that the Complainant only offered the "Fountain Tire" transaction as its market data. In the opinion of the Board, this one transaction is not sufficient to draw a conclusion that sales data support a reduction to the assessment of the subject, nor is it sufficient to draw a conclusion that the properties along 97<sup>th</sup> Street are over-assessed.

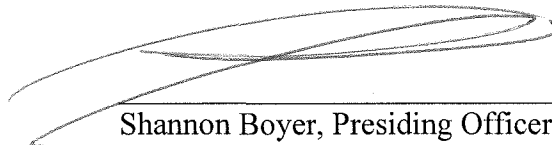
[38] The Board confirms the current assessment of the subject at \$806,500.

**Dissenting Opinion**

[39] There was no dissenting opinion.

Heard commencing October 17, 2013.

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

  
Shannon Boyer, Presiding Officer

**Appearances:**

Jordan Nichol  
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.*