

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01669**

**Assessment Roll Number:** 10018917

**Municipal Address:** 17204 107 AVENUE N W

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Altus Group**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

---

**DECISION OF**  
**John Noonan, Presiding Officer**  
**John Braim, Board Member**  
**Pam Gill, 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 a 77,415 square feet (sf.) medium warehouse with 74,688 sf. of main floor office space and 2,728 sf of mezzanine space. The two buildings on site were built in 1978 and cover 43% of a 174,075 sf. lot at 17204 107 Avenue in the McNamara Industrial neighbourhood. The 2013 assessment was prepared by the direct sales comparison approach in the amount of \$7,556,500. The Complainant requested the Board to reduce the assessment to \$6,735,000.

### **Issue(s)**

[4] Is the subject assessed correctly?

## **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 noted the current assessment equates to a value of \$97.61 per sf. Five sales comparables were presented that ranged in size from 52,048 sf – 135,566 sf. and the site coverages were 36%-55%. The time adjusted sales prices ranged from \$64.36 per sf. to \$89.66 per sf.

[7] Seven equity comparables were also provided that ranged in size from 68,815 sf. to 93,733 sf. The site coverage range was 36%-50% and the assessments were \$80.52 per sf. to \$106.42 per sf. The Complainant submitted that the equity comparable #3, at \$106.42 per sf., was most likely an outlier and therefore limited weight should be put on it. The other comparables were predominantly clustered in a range of \$87-\$92. A value of \$88 per sf., close to the median shown by these comparables, would yield an equitable assessment of \$6,812,500.

[8] The Complainant submitted that there is no difference between multiple- building and single-building properties, since the total building area is what mattered. A prospective purchaser is looking for total area and would not value the subject’s two buildings at a higher rate than a single building of the same total size.

[9] The Complainant advised the Board that the taxpayer has the right to the lower of fairness and equity or market value (C-1, pg 46) as per *Bramalea Ltd v. British Columbia*. This decision was further supported by subsequent MGB Board Orders.

[10] The Complainant submitted that the subject should be valued using the direct sales approach, which in this case indicated a value of \$87 per sf. or \$6,735,000.

## **Position of the Respondent**

[11] The Respondent advised that the industrial inventory had been valued by the sales comparison approach, analyzing sales that occurred from January 2008 through June 2012. Factors found to affect value were: total main floor area (per building), site coverage, effective

age, condition, location, and to a lesser extent, main floor finished area (office) and upper office area.

[12] In defense of the assessment, the Respondent presented five sales comparables, none of which were located in the same study area as the subject. Where appropriate, various attributes of these comparables were highlighted as being superior or inferior to the subject in terms of age, site coverage, or total building area. The comparables were selected for typical to above typical site coverage, showing a range of 34% - 44% versus the subject's 43%. It was noted that for the most part, the year of construction for the comparables ranged from 1972-1979, with one exception built in 2006, was close to the that of the subject's 1978 age. The five showed a range of building size from 39,992 sf. to 66,720 sf. Their time-adjusted sales prices ranged from \$89.23 to \$115.41 per sf. of total building area, which supported the subject's \$97.61 per sf.

[13] The Respondent provided eight equity comparables, six of which were also used by the Complainant. Total building area ranged from 55,855 sq. to 107,479 with site coverages ranging from 36%-46%. The assessment range was \$76 per sf - \$106 per sf.

[14] The Respondent critiqued the Complainant's sale comparable #1; this property had \$1 million in renovations done after the sale.

[15] The other sales were criticized as not having as much finished office space as the subject, and most of them would require an upward adjustment.

[16] The Respondent submitted that the Complainant did not meet the burden of proof in showing that the subject was incorrectly assessed and therefore the 2013 assessment should be confirmed.

### **Rebuttal**

[17] In rebuttal, the Complainant advised that the Respondent's sales comparables #1 and #4 were each part of portfolio sales and should be excluded from consideration.

[18] The Complainant also calculated the time-adjusted sale price of its own Comparable #1 if the \$1 million renovation cost were added to the purchase price. The total building area value would be \$67.79 per sf. and \$80.08 per sf. for the main floor area.

### **Surrebuttal**

[19] The Respondent provided a response to the Complainant's criticism of the portfolio sales, land title documents were provided showing that properties were transferred separately and values were assigned to each one.

### **Decision**

[20] The Board reduces the 2013 assessment to \$7,122,180.

### **Reasons for the Decision**

[21] On the issue of whether or not the Complainant met the burden of proof, the Board finds that onus was met. Both the sales comparables and the equity comparables provided by the Complainant indicated that the subject may have been over assessed.

[22] The Board found that the sales comparables provided by both parties all required adjustments to make them more comparable to the subject. The Complainant's comparable #2 was the most similar to the subject in terms of size and site coverage. However, this comparable at 11771 167 Street requires an adjustment for its noted lack of sprinkler system, which would result in a time-adjusted sale price of \$87 per sf.

[23] The one sale indicated that the subject may have been over assessed, however, it was not sufficient to reduce the assessment. The Board found the equity comparables to be compelling, especially the six comparables that were common to both the Complainant and Respondent.

[24] The Respondent indicated that upward adjustments may be needed on the comparables based on the total finished area. The Board noted that of the Factors Affecting Value, finished area was the last factor, additionally, the Board was not given any information on how much of an adjustment would be warranted and therefore finds that it would probably be minimal.

[25] The assessments of the six equity comparables ranged from \$87 per sf. to \$106 per sf, with an average of \$92 per sf. These comparables represented a range of properties, from single buildings to as many as 3 buildings. While the Board has not duplicated the traditional party lines regarding the assessment treatment of multiple building properties in the positions of the parties, the Board sees the subject best viewed as a property having some 77,000 sf. demised into bays. The Board accepts the Complainant's argument that a typical investor would be unlikely to pay a premium for the subject's two buildings, in comparison to a single building of the same size.

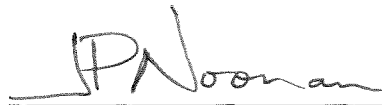
[26] The Board found that \$92 per sf. or \$7,122,180 would yield an equitable assessment for the subject.

### **Dissenting Opinion**

[27] There was no dissenting opinion.

Heard November 14, 2013.

Dated this 10<sup>th</sup> day of December, 2013, at the City of Edmonton, Alberta.

  
\_\_\_\_\_  
John Noonan, Presiding Officer

### **Appearances:**

Adam Greenough  
for the Complainant

Amy Cheuk, City of Edmonton Law Branch  
Marcia Barker  
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.*