

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01673

Assessment Roll Number: 8991309
Municipal Address: 9331 39 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

John Noonan, Presiding Officer
Martha Miller, Board Member
Mary Sheldon, Board Member

Procedural Matters

[1] The Complainant did not appear at the merit hearing. The Respondent had no objection to the composition of the Board and the members did not report any bias or conflict of interest with respect to this matter.

[2] This hearing was one of four held November 21, 2013 dealing with industrial properties. An earlier request by the Complainant, Altus Group, for a postponement of these hearings was denied by a separate panel of the Composite Assessment Review Board (CARB). That Board heard that the reason for the postponement request was not found to meet the exceptional circumstances required by legislation. Apparently, there was a schedule conflict due to unexpected circumstances. The Respondent's counsel later contacted the Complainant by phone but no further information or elaboration was forthcoming, nor, in the opinion of Altus Group, should be required beyond what had already been advanced.

[3] In correspondence with CARB administration, Altus Group wanted the Board to note the postponement request had been denied and that another agent was not available to attend the hearing. As allowed by s. 16 of the *Matters Relating to Assessment Complaints Regulation*, Alta Reg 310/2009 (MRAC), the hearing proceeded with the Board relying on the written disclosure to understand the Complainant's case.

[4] The Respondent requested that submissions, argument and evidence be carried forward, as far as relevant, from file #8482952 to this file.

Background

[5] The subject is a medium warehouse comprised of two buildings. The building area is 58,624 square feet, of which 51,373 square feet is main floor area (21,343 square feet for building one and 30,030 for building two). The main floor office area is 9,165 square feet (2,904 square feet for building one and 6,250 square feet for building two) and the upper floor area is 7,251 square feet (2,125 square feet for building one and 5,124 square feet for building two).

[6] The effective year built is 1975 for building one and 1977 for building two. Both buildings are in average condition. The site coverage for the subject is 38%.

[7] The subject is valued for 2013 by the direct sales approach and the assessment is \$6,050,000.

Issue

[8] The Complainant had attached a schedule of numerous issues to the complaint form. At the time of the merit hearing, two issues remained to be decided:

Issue #1: Is the assessment of the subject equitable when the assessments of comparable properties are considered?

Issue #2: Is the assessment of the subject fair when the sales of comparable properties are considered?

Legislation

[9] **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

[10] The Complainant was not present at the hearing but the Board accepted the disclosure filed as evidence. The disclosure was entered as Exhibit C-1, 61 pages.

[11] With respect to the issue of the sales data and the appropriateness of the subject assessment, the Complainant provided a chart of the details of the sales of five properties which, in the opinion of the Complainant, are similar to the subject (Exhibit C-1, page 8). .

[12] The average time adjusted sale price per square foot of leasable building area of the comparables is \$89.95 and the median time adjusted sale price per square foot is \$89.97. The Complainant noted that this evidence did not support the assessment per square foot of the subject at \$103.20 and requested that the Board reduce the assessment per square foot of the subject to \$85.00. This would produce a total value for the subject of \$4,983,000.

[13] With respect to the issue of the fairness of the subject assessment in comparison with the assessments of similar properties, the Complainant presented a chart of the assessments of nine properties which, in the opinion of the Complainant, are similar to the subject (Exhibit C-1, page 9). The average assessment per square foot of these comparables is \$92.37 and the median is \$90.34. The Complainant requested that an equitable value per square foot for the subject would be \$90 which would result in a total value for the subject of \$5,276,000.

Position of the Respondent

[14] The Respondent advised the Board that, had the Complainant been present, there were questions and comments he would have posed to the Complainant concerning the disclosure.

[15] The Respondent noted that only #1 and #4 of the Complainant's sales comparables are multiple building properties, similar to the subject. The other comparables are single building sites which, in the opinion of the Respondent, are not comparable to the subject.

[16] The Respondent also noted that sale comparable #4 from the Complainant had a 10% rear building adjustment while the subject did not have this adjustment.

[17] The Respondent also noted that the documentation concerning sales comparables #2 and #3 indicated below market leases which may have had an effect on the sale prices.

[18] As well, the Respondent submitted that the Complainant's sales comparables are inferior to the subject in terms of site coverage.

[19] With respect to the assessment comparables, the Respondent stated that only the Complainant's comparables #5, #7 and #8 are multiple building properties similar to the subject. In the opinion of the Respondent, a single building property does not assist in establishing equitable value for the subject.

[20] The Respondent presented Exhibit R-1, 61 pages in support of the position that the 2013 assessment of the subject was fair and equitable.

[21] The Respondent noted the factors affecting value in the warehouse inventory (Exhibit R-1, page 8). Those factors include main floor area, site coverage, effective age, condition, location, main floor finished area and upper floor finished area. The Respondent noted in addition the valuation for multiple building accounts and advised that each building is analyzed for its contributory value to the property. A single assessment is produced that represents the aggregate market value of each building for that property.

[22] The Respondent provided a chart of the sales of three properties which, in the opinion of the Respondent, are similar to the subject (Exhibit R-1, page 25). The Respondent noted that all these sales comparables are multi-building properties, similar to the subject. The Respondent also noted that the sales comparable #1 is in common with the Complainant's sales comparable #1.

[23] The time adjusted sale prices per square foot of the comparables range from \$101.30 to \$115.41. The Respondent argued that this evidence supported the assessment per square foot of the subject at \$103.20.

[24] With respect to the issue of equity, the Respondent provided a chart of the assessments of five properties which, in the opinion of the Respondent, are similar to the subject (Exhibit R-1, page 29). The assessments per square foot range from \$103.08 to \$110.35. The Respondent argued that this supported the assessment of the subject. The Respondent noted that all the assessment comparables presented are multi-building properties similar to the subject. The Respondent also noted that assessment comparables #1 and #2 are common with the Complainant's assessment comparables #5 and #7.

[25] The Respondent requested that the Board confirm the 2013 assessment of the subject at \$6,050,000.

Complainant's Rebuttal

[26] The Board accepted the Complainant's rebuttal disclosure as Exhibit C-2, 33 pages.

[27] The Complainant argued that adjustments for below market leases would only be appropriate if the term is for at least three years and argued that no adjustment would need to be made for the leases for the Complainant's sales comparable #3.

[28] The Complainant pointed out difficulties with some of the Respondent's sales comparables as having higher levels of office finish.

[29] The Respondent commented on the Complainant's paragraph 9 on Exhibit C-2, page 9. The Respondent stated that the Complainant's position had been that single building properties can be compared with multiple building properties. In the opinion of the Respondent the note in paragraph 9 was an acknowledgement by the Complainant that some differences in buildings on a multi-parcel site can affect value and thus, multi-building parcels are valued differently than single building parcels.

Decision

[30] The Board confirms the 2013 assessment of the subject at \$6,050,000.

Reasons for the Decision

Issue #1: Is the assessment of the subject equitable when assessments of comparable properties are considered?

[31] The Board notes the Respondent's submission that, for the purposes of assessment pursuant to the mass appraisal methodology, properties are stratified into groups of comparable properties and common property attributes are identified for the properties in each group.

[32] For the warehouse inventory, the Board accepts the Respondent's submission that for properties which are multiple building accounts, the assessment model analyzes each building for its contributory value to the property and then a single assessment produced representing the aggregate market value of each building for that property. A single building property is assessed differently.

[33] The Board accepts that, where equity is the sole issue, multiple building properties should be compared with multiple building comparables. An assessment is a reasonable estimate of market value but the method of preparation of the assessment is the prerogative of the assessor. The Respondent values all multiple building properties the same way. In the opinion of the Board, where an assessment is challenged on the basis of equity alone, the Board should view the subject in comparison to the assessments of other multiple building properties.

[34] In a case where market value is the issue, the Board can accept that there are cases where an investor would view a multiple building property in much the same way as a single building property. In such a case, it might well be appropriate to compare a multiple building property with a single building property.

[35] In the case at hand, there are two issues, both sales and equity. In this case, in dealing with the issue of assessment equity, the Board prefers to compare the multiple property subject with other multiple property comparables.

[36] The Board notes that of the equity comparables presented by the Complainant, only comparables #5, #7 and #8 are multiple building accounts and are of the most assistance in establishing value for the subject.

[37] The Board notes further that comparables #5 and #7 are also presented by the Respondent as equity comparables #1 and #2 and that these comparables support the assessment of the subject.

[38] The Board is satisfied this evidence demonstrates that the 2013 assessment of the subject is equitable.

Issue #2: Is the assessment of the subject appropriate when the sales of comparable properties are considered?

[39] The Board notes that of the sales comparables presented by the Complainant, only #1 and #4 are multiple building properties. The Board notes that comparable #4 is subject to a 10% negative adjustment which makes it less useful for comparison purposes.

[40] Sales comparables #2 and #3 presented by the Complainant are encumbered by below market leases which may have had a downward pressure on the sale prices, making these comparables of less assistance in establishing value for the subject.

[41] The Board is persuaded by the Complainant's sales comparable #1 which is also presented by the Respondent as sales comparable #1. This property is very similar to the subject in location, age, site area, leasable building area and main floor space. The time adjusted sale price per square foot of this sales comparable supports the assessment of the subject.

[42] The Board is satisfied this evidence demonstrates the 2013 assessment of the subject is fair, given the market data.

[43] The Board notes that it is the responsibility of the Complainant to provide sufficient compelling evidence to convince the Board the assessment needs to be altered. In this case, having found the assessment both fair and equitable, such alteration is not required.

Heard November 21, 2013.

Dated this 5th day of December, 2013, at the City of Edmonton, Alberta.



John Noonan, Presiding Officer

Appearances:

No one appeared for the Complainant

Cameron Ashmore, City of Edmonton Law Branch

Marty Carpentier

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.