

Edmonton Composite Assessment Review Board

Citation: 1457361 Alberta Ltd. (Altus Group) v The City of Edmonton, 2013 ECARB 01682

Assessment Roll Number: 1073022
Municipal Address: 1810 66 Avenue NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

1457361 Alberta Ltd. (Altus Group)

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Shannon Boyer, Presiding Officer
Darryl Menzak, Board Member
Mary Sheldon, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties had no objection to the Board's composition. As well, the Board Members had no bias with regard to this file.

Preliminary Matters

[2] The Respondent requested that the evidence given in Roll Number 1066380 regarding matters contained the City's 2013 Industrial Warehouse Assessment Brief, be carried forward in this matter.

Background

[3] The subject is an average condition medium warehouse located at 1810 – 66 Ave., in the Southeast (Annexed) Industrial subdivision, and is classified as Industrial Group 20, partially serviced. The subject was built in 1978 with site coverage of 8.9% and total leasable area of 21,452 square feet, including 5,088 square feet of main floor office space and 2,016 mezzanine space. The subject is assessed using the sales comparison approach and the 2013 assessment is \$3,919,000. The Complainant is seeking a reduction of the assessment to \$3,432,000.

Issue(s)

[4] Is the 2013 assessment acceptable based on sales comparables?

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] In support of the appeal that the assessment is excessive, the Complainant presented written evidence, rebuttal evidence and oral argument for the Board's review and consideration (Exhibits C-1 and C-2).

[7] The Complainant presented a chart of the sales of five properties which, in the opinion of the Complainant, are similar to the subject (C-1 page 8). The year built ranges from 1979 to 1982, with the subject built in 1978. Site coverage of the comparables ranges from 6% to 17% while the site coverage of the subject is 9%. Comparable 2 is located in Industrial Area 22, unserviced, and comparables 1, 3 and 4 are located in the same industrial area as the subject. Main floor office space for the comparables ranges from 3,459 to 19,101 square feet, with the subject at 5,088 square feet. Total building area ranges from 14,319 to 30,823 square feet, with the subject at 21,453 square feet.

[8] According to the chart, the time adjusted sale prices per square foot of main building area of the comparables ranges from \$153 to \$238, with an average time adjusted sale price per square foot of \$182.82, a median of \$170.03, a requested assessment of \$160.00 and an assessed value of \$201.63 (C-1 page 8).

[9] The Complainant advised that sale comparable 4 shares the most characteristics in common with the subject. In response to questioning, the Complainant corrected his calculation of the time adjusted sales price per square foot of the total leasable area of comparable 4 from \$152.93 to \$170.23 per square foot. Under questioning, the Complainant said that in his opinion, the below market leases would have little effect on the square foot value of comparable 4 because the lease expires shortly.

[10] Under further questioning, the Respondent challenged the basis of the Complainant's sales data suggesting that the Complainant relied on third party documents. The Complainant reported that their sales data was derived from information supplied by The Network and that the Complainant validated the sales data with their own investigation.

[11] The Complainant argued that the Respondent used sales of superior properties, especially Respondent's comparables 3 and 4 located in Industrial Area 18, with a time adjusted sales price per square foot of \$209 and \$250.

[12] The Complainant requested that the Board reduce the 2013 assessment of the subject to \$3,432,000 or \$160 per square foot (C-1 page 8).

Position of the Respondent

[13] In support of the position that the 2013 assessment of the subject is correct, the Respondent provided the Board with an assessment brief and oral argument (R-1).

[14] The Respondent explained the factors affecting value in the warehouse inventory (R-1, pages 7-11). The Respondent advised that those factors are, in descending order of importance, main floor area, site coverage, effective age, condition, location, main floor finished area as well as upper finished area.

[15] The Respondent informed the Board that the subject is located in the fifth most desirable industrial area in the City.

[16] The Respondent provided the Board with a chart of the sales of four properties which, in the opinion of the Respondent, are similar to the subject (R-1, page 19). The Respondent advised the Board that it shares in common with the Complainant, its comparable 1 with the Complainant's comparable 4 (1811-66 Ave.) and its comparable 2 with the Complainant's comparable 3 (1431- 70 Ave.). Both are in the same industrial area as the subject. The Respondent was of the view that its comparable 1 is on the low end of the appropriate assessment range and comparable 2 is on the high end.

[17] The Respondent also presented two comparables in Industrial Area 18, Core South, which is the fourth most desirable area and is superior to the subject.

[18] The Respondent's comparables range in effective age from 1976 to 1982, with the subject built in 1978. Site coverage of the comparables ranges from 6% to 19% while the site coverage of the subject is 9%. Total building area ranges from 15,048 to 17,335 square feet, with the subject at 21,452 square feet. The time adjusted sale prices per square foot of main building area ranges from \$170 to \$250, with the subject assessed at \$202 per square foot.

[19] The Respondent recharted the Complainant's sales comparables and pointed out the difference in the square footage calculation which arises because the Respondent independently verifies area, rather than relying on third party documents.

[20] The Respondent argued that Complainant's sales comparable 2 is at the low end of the range, with a time adjusted sales price per square foot of \$153, on basis that it is an unserved lot. They also argued that the Complainant's comparable 1 should be adjusted upward to \$183 per square foot because it is much bigger in size than the subject.

[21] Under questioning, the Respondent advised that its sales comparable 2, which they deemed to be in average condition, was rated in good condition by the Network. Under further questioning, the Respondent confirmed that its sales comparable 4 has 12 buildings on site including a residential building (R1 page 24).

[22] The Respondent requested that the Board confirm the 2013 assessment of the subject at \$3,919,000.

Rebuttal

[23] The Complainant provided a rebuttal document subsequent to the Respondent's presentation (C-2). The Complainant focused on challenging the Respondent's sales comparable 4.

Decision

[24] The decision of the Board is to confirm the 2013 assessment of the subject at \$3,919,000.

Reasons for the Decision

[25] The Board notes that it is the responsibility of the Complainant to provide sufficient compelling evidence to allow the Board to doubt the correctness of the assessment.

[26] The Board notes that Complainant's comparable #1 is of little assistance in establishing value for the subject since it is of substantially higher site coverage and size, both of which will require multiple adjustments to be suitably compared to the subject. Similarly, Complainant's comparable 2 is in an inferior industrial area, unserved, and would need to be adjusted upward to make more comparable to the subject.

[27] The Respondent's comparables 3 and 4, would need to be adjusted downward for better site coverage and better location than the subject.

[28] The Board is of the opinion that the sales most similar to the subject are the two comparables that parties share in common: Respondent's comparable 1 and the Complainant's comparable 4 (1811-66 Ave.) and Respondent's comparable 2 and the Complainant's comparable 3 (1431- 70 Ave.). The time adjusted sales price per square foot of main building area ranges from \$170 to \$223 and the Board is of the view that these common sales comparables support the assessment at \$202 per square foot.

[29] The Board concludes that the Complainant did not discharge its responsibility of providing sufficient compelling evidence to allow the Board to change the assessment of the subject.

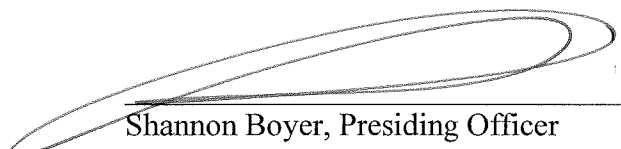
[30] In the alternative, if the evidence provided by the Complainant was sufficient to raise a doubt as to the correctness of the assessment and shift the burden of proof to the Respondent, it is the opinion of the Board that the Respondent successfully defended the 2013 assessment of the subject.

Dissenting Opinion

[31] There is no dissenting opinion.

Heard commencing October 9, 2013.

Dated this 4th day of November, 2013, at the City of Edmonton, Alberta.


Shannon Boyer, Presiding Officer

Appearances:

Adam Greenough
for the Complainant

Suzanne Magdiak
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.