

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01684

Assessment Roll Number: 8482606

Municipal Address: 9840 45 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

Petra Hagemann, 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, built in 1978, is a medium warehouse located at 9840-45 Avenue in the Papaschase Industrial subdivision of the City of Edmonton. The building has a gross building area of 15,414 square feet (sq ft) with 7,131 sq ft finished space on the main floor and no upper finished area. It is situated on a 51,884 sq ft parcel of land with 30% site coverage. Its assessment is based on the comparable sales approach at \$2,292,500.

Issue

[4] Is the subject assessed in a fair and equitable manner when compared to the assessments of similar properties?

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 submitted a brief (C-1) challenging the assessment of the subject. The brief included a property map of the subject (C-1, pg 5) illustrating its irregular shape. This necessitated that the building be constructed in an irregular shape to make best use of the site. The Complainant suggested that due to its shape and limited access, the property's utility and market value had been negatively affected.

[7] The Complainant submitted seven equity comparables as evidence that the subject's assessment was excessive and inequitable (C-1, pg 8). These comparables were similar to the subject in location, age, site area, site coverage and building size. The median and average of leasable building area for these assessments was \$138/sq ft. The median and average for main floor area was \$144/sq ft and \$142/sq ft respectively compared to the assessment of the subject of \$148.73/sq ft.

[8] The Complainant suggested the Board place less weight on comparable #1, #5 and #6 as they have multiple buildings on site while the subject only has one building.

[9] The Complainant also 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 place a higher value on multiple-building properties.

[10] The Complainant submitted a rebuttal document (C-2) with property maps of the Respondent's equity comparables. These illustrate that the Respondent's comparables have rectangular or more favourable site configuration than the subject and are therefore superior.

[11] The Complainant suggested that his equity comparables #2, #3, #4, and #7 suggest the subject is not assessed in a fair and equitable manner and should be reduced to \$138/sq ft or \$2,127,000.

Position of the Respondent

[12] The Respondent submitted a brief (R-1) in defense of the 2013 assessment of the subject reminding the Board of the Mass Appraisal process (R-1, pg 8) and the Factors Affecting Value (R-1, pg 12-14). These factors in order of priority are: main floor building area, site coverage, effective age, condition, location, main floor finished area and upper floor finished area. Other adjustments, such as for rear buildings with no street access, may be applied to properties on a site specific basis to recognize additional factors which may affect market value.

[13] The Respondent submitted ten equity comparables (R-1, pg 30) suggesting the subject is assessed in a fair and equitable manner. These properties are similar in location, industrial group, age, condition, site coverage, and size. Their assessments for total building area range from \$110/sq ft to \$151/sq ft and for main floor area from \$145/sq ft to \$151/sq ft. The Respondent noted that the subject's assessment at \$149/sq ft falls within this range.

[14] Although equity was the only issue, the Respondent also included five comparable sales to show the subject is assessed correctly at market value (R-1, pg 24). Most of these sales comparables were similar to the subject in location, industrial group, age, condition, size and finished main floor area. Comparable #3, which sold at a time adjusted price of \$146/sq ft, required an upward adjustment for site coverage. Comparables #4 and #5, which sold at \$170 and \$173/sq ft respectively, required downward adjustments for site coverage. The Respondent suggested to the Board that the assessment of the subject is not only fair and equitable but also correct as it is supported by valid market sales.

[15] In response to the Complainant's suggestion that the irregular shape of the subject negatively affected its value, the Respondent noted that no evidence had been provided by the Complainant to support this. The Respondent advised the Board that the subject had been inspected, and the City is of the opinion that its irregular shape did not detract from its utility. The Respondent confirmed that no negative adjustment had been applied to the subject's assessment due to its irregular shape.

[16] Based on the equity comparables provided, with additional support from comparable sales, the Respondent reiterated that the assessment of the subject is fair, equitable and correct and respectfully asked the Board to confirm the 2013 assessment at \$2,292,500.

Decision

[17] The decision of the Board is to confirm the 2013 assessment of the subject property at \$2,292,500.

Reasons for the Decision

[18] The Board considered the irregular shape of the subject and found little evidence to support the contention that it had a negative influence on its market value. The Board therefore placed little weight on this attribute.

[19] The Board examined the Complainant's equity comparables and found the following:

- i. The first property most similar in size to the subject with over 50% of its main floor finished, has had a negative 10% adjustment applied to its assessment due to the lack of access to its rear building.

- ii. Comparable # 5 and # 6 have three buildings on site.
- iii. The main floor area of comparable # 6 should have been shown as having 10,270 sq ft. This consequently changed its assessment from \$116.52 to \$162.80/sq ft which supports the assessment of the subject.
- iv. With adjustments for multiple buildings, comparables #1, #6 and #7 also tend to support the assessment of the subject.

[20] The Board reviewed the remaining one building properties (#2, #3, #4 and #7) provided by the Complainant. The assessments of these four properties averaged \$144/sq ft based on main floor area, somewhat lower than the \$148.73/sq ft assessment of the subject, suggesting that the assessment may be somewhat high.

[21] The Board turned to the equity comparables provided by the Respondent, particularly the properties similar to the subject with no finished upper floor (#1, #3, #7, #9, and #10). The assessments of these properties support the assessment of the subject.

[22] The Board was further persuaded by the comparable sales provided by the Respondent. The time-adjusted sale prices for these properties ranged from \$146/sq ft to \$183/sq ft with an average for main floor area of \$167/sq ft also lending support to the correct assessment of the subject.

[23] The Board finds that the assessment of the subject at \$149/sq ft is not only fair and equitable but also representative of market value as supported by the sales provided by the Respondent.


[24] The Board confirms the 2013 assessment of the subject property.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard October 17, 2013.

Dated this 15th day of November, 2013, at the City of Edmonton, Alberta.


Petra Hagemann, Presiding Officer

Appearances:

Adam Greenough
for the Complainant

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.