

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01685

Assessment Roll Number: 8487803

Municipal Address: 9810 44 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 1975, is a medium warehouse located at 9810-44 Avenue in the Papaschase Industrial subdivision of the City of Edmonton. The building has a gross building area of 38,197 square feet (sq ft), of which 8,100 sq ft is finished on the main floor and 9,247 sq ft is finished on the upper floor. The site area is 73,616 sq ft with site coverage of 39%. It is assessed on the comparable sales approach at \$3,513,000.

Issue

[4] Is the assessment of the subject in excess of its market value based on the sales 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. This brief included a property map of the subject showing its location. The Complainant indicated that it was a destination location located at the end of 44th Avenue with difficult access.

[7] The Complainant submitted six sales comparables (C-1, pg 8) similar to the subject in location, age, site coverage and size, all with finished main floor office and some with upper finished space. The average time-adjusted sale price for leasable area of these comparables was \$92.98/sq ft and their median was \$87.06/sq ft, compared to the assessment of the subject at \$91.97/sq ft.

[8] 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.

[9] The Complainant advised the Board that his most comparable property is located at 3304 Parsons Road. After applying a negative 10% adjustment (C-1, pg 31) since this comparable is located on a major road unlike the subject, its time-adjusted sale price for leasable area, once adjusted downward, would be \$75.90/sq ft compared to the subject’s assessment of \$91.97.

[10] The Complainant requested that the Board reduce the 2013 assessment of the subject to \$76.00/sq ft or \$2,903,000.

Position of the Respondent

[11] 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.

[12] The Respondent noted upon inspection that the ramp leading into the subject property, although steep, provided adequate access and that further access was available along the back of the property. It was not determined if there was an easement along the rear, however significant truck traffic was evident.

[13] The Respondent provided the Board with four comparable sales ranging in time-adjusted sale prices for main floor area from \$106.79 to \$122.88, supporting the assessment of the subject at \$121.35/sq ft. Sale # 4 is the same as the Complainant's sale #6.

[14] The Respondent presented assessments of six properties similar to the subject in location, industrial group, age, condition, site coverage, size and finished main and upper areas (R-1, pg 28). The assessments for main floor areas ranged from \$106/sq ft to \$121/sq ft and for total building area from \$90/sq ft to \$95/sq ft, compared to the assessment of the subject of \$121/sq ft and \$92/sq ft respectively. This is further evidence that the assessment of the subject is fair and equitable.

[15] The Respondent submitted that access for the subject property may be an issue, however, would be difficult to quantify. Furthermore, utility of the subject had not been impacted as is indicated by the sharing of access of the surrounding properties.

[16] Based on the evidence of sales and equity comparables, the Respondent requested that the Board confirm the assessment of the subject at \$3,513,000.

Decision

[17] The decision of the Board is to confirm the 2013 assessment of the subject property at \$3,513,000.

Reasons for the Decision

[18] The Board considered the location of the subject property, in particular the issue regarding lack of access and that it could negatively affect its market value. The Board is aware that this may be an issue; however, it was not presented with any quantifiable evidence by the Complainant. The Board therefore placed no weight on this factor.

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

- a. Sale #1: has two buildings on site, a significantly larger lot and larger main floor area and less than half of finished main and upper floor area than the subject. Little weight was placed on this comparable.
- b. Sale #2: was not considered to be strong evidence as it needed adjustment for larger site area, larger site coverage, larger main floor area and significantly less finished main and upper area.
- c. Sale #3: the Board found most similar to the subject except for adjustments for being on a major road unlike the subject.
- d. Sale # 4: similar to the subject except for less finished main and upper floor area, supports the assessment of the subject.

- e. Sale # 5: located on a site larger than the subject, somewhat larger in main floor area, with no upper finished area and after some adjustments for these differences this sale also tends to support the assessment of the subject.
- f. Sale #6: similar to the subject except for the amount of finished area also supports the assessment of the subject.

[20] The Board noted some evidence, especially in sale #3, that the assessment of the subject may be excessive and therefore turned to the Respondent's evidence.

[21] The Board reviewed the Respondent's four comparable sales. Sale #4 is the same as the Complainant's sale #6 which supports the assessment of the subject. The other three sales, with minor adjustments for industrial group, age and site coverage, are similar to the subject except for main floor finished area and only sale #1 has any upper finished area. The Board realizes that the main floor and upper floor finished areas are factors that affect value the least as per the hierarchy of significant factors in determining value. The subject, however, has a significant finished area on the main and upper floor; therefore the Board placed more weight on the time-adjusted sale price for total building area rather than for main floor area alone. Based on the total building area, the Respondent's sales suggest the assessment of the subject is correct.

[22] Turning to the equity comparables provided by the Respondent, the Board finds that they are similar to the subject in location, age, industrial group, site coverage, main floor area, main floor and upper floor finish. They range in assessment for total building area from \$90/sq ft to \$95/sq ft. The assessments of these properties are further evidence that the subject is assessed in a fair and equitable manner at \$92/sq ft for total building area.

[23] The Board confirms the 2013 assessment of the subject at \$3,513,000.

Dissenting Opinion

[24] 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.