

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01687**

**Assessment Roll Number:** 8991853

**Municipal Address:** 3904 91 Street NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Altus Group**

Complainant

and

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

Respondent

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### **DECISION OF**

**Petra Hagemann, Presiding Officer**

**John Braim, Board Member**

**Pam Gill, Board Member**

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### **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 medium warehouse built in 1982 located at 3904- 91 Street in the Strathcona Industrial Park subdivision in the City of Edmonton. It has typical site coverage of 33% and is situated on a 108,931 square foot (sq ft) parcel of land. The building has a gross building area of 36,000 sq ft of which 29,506 sq ft is finished main floor office area. The 2013 assessment of the subject is \$4,736,500 or \$131.57/sq ft based on the sales comparison approach to value.

### **Issue**

[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 provided the Board with a brief (C-1) illustrating the location of the subject, as well as seven sales and six equity comparables to suggest the assessment of the subject is excessive.

[7] The seven comparable sales (C-1, pg 8) are similar to the subject in age and are located in the south-west quadrant of the City. Their site coverage ranges from 27% to 45%, and leasable building area (LBA) ranges from 18,534 to 64,527 sq ft. Main floor area (MFA) ranges from 18,534 to 64,527 sq ft. The time-adjusted sales prices for LBA range from \$71.67 to \$138.79/sq ft with an average of \$105.02 and a median of \$113.12. The time-adjusted sale price for MFA ranges from \$78.71 to \$158.10 with an average of \$111.68 and a median of \$113.12, compared to the assessment of the subject at \$131.57/sq ft.

[8] The Complainant submitted that based on the comparable sales, the correct value for the subject should be \$3,600,000 or \$100.00/sq ft.

[9] The Complainant further presented the Board with six equity comparables (C-1, pg 9) also located in the south-west quadrant of the City. These comparables were similar to the subject in age, site coverage and gross building area. All had main floor offices and comparable #1 had a large main floor finished area similar to the subject. The average assessment of these comparables for LBA was \$112.21/sq ft and the median \$114.06/sq ft and the average MFA assessment was \$121.58 and the median \$122.50/sq ft.

[10] The Complainant suggested that based on assessments of these similar properties, the equitable value of the subject should be \$4,212,000 or \$117.00/sq ft.

[11] The Complainant advised the Board that the taxpayer has the right to the lower of fairness and equity or market value (C-1, pg 49) as per *Bramalea Ltd v. British Columbia*. This decision was further supported by subsequent MGB Board Orders. Nevertheless, the Complainant felt that the equity comparables provided the best reflection of the subject's value.

As such, the Complainant requested that the Board reduce the 2013 assessment to \$4,212,000 (\$117.00/sq ft).

### **Position of the Respondent**

[12] The Respondent submitted a brief (R-1) in defense of the 2013 assessment of the subject. The Respondent reminded 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 factors, such as rear building adjustment, may be applied to properties on a site-specific basis to recognize other factors which may affect market value.

[13] The Respondent provided the Board with eight comparable sales (R-1, pg 24), all but one in the subject's industrial group (18). These sales were comparable in age, site coverage and main floor area. All of the properties had some main floor finished space, although not as much as the subject's 29,506 sq ft. These comparable sales ranged in time-adjusted sale price (MFA) from \$122.70/sq ft to \$169.91/sq ft, with the subject's assessment of \$131.57/sq ft being within this range.

[14] The Respondent included seven equity comparables (R-1, pg 34) to suggest the subject's assessment is not only correct but also fair in comparison to the assessment of similar properties. These properties were similar in effective age and site coverage, however somewhat smaller in main floor area and main floor finished area. Their assessments ranged from \$131/sq ft to \$135/sq ft (MFA) indicating the assessment of the subject at \$132/sq ft is equitable.

[15] The Respondent critiqued the Complainant's sales comparables (R-1, pg 33) as follows: Comparable #1 is in fair condition compared to the subject's superior average condition. The first four comparables are in superior industrial group 12 as compared to the subject's location in industrial group 18. The main floor finished areas of the sales comparables range from 7% of building footprint to 35% whereas the subject has 82% of the main floor finished. Adjustments would have to be made for all of these variances.

[16] The Respondent submitted that of the Complainant's equity comparables (R-1, pg 42), #2, #3 and #4 are two-building properties whereas the subject only has one building on site. Comparables #2 and #4 have had a 10% negative rear-building adjustment applied to their assessment. The main floor finished areas of comparables #2 through #6 are considerably smaller than the subject. All of these comparables would also need adjustments to increase their comparability to the subject.

[17] In summary, the Respondent noted that the large finished office area of the subject is a significant factor for the Board to consider. Both sales and equity comparables provided support for the assessment and therefore the Respondent respectfully requested that the Board confirm the 2013 assessment of the subject at \$4,736,500.

## **Decision**

[18] The decision of the Board is to reduce the 2013 assessment from \$4,736,500 to \$4,356,000.

## **Reasons for the Decision**

[19] In reviewing the evidence provided, the Board noted that the subject property has an unusual 82% of the main floor finished. Very few comparables were provided by either party with such a high amount of finished main floor space. During the hearing, the Board was advised by the Respondent that the order of importance of the factors affecting value in industrial property evaluation in the mass appraisal process is: total main floor area, site coverage, effective age, condition, location, main floor finished area and upper finished area. The Board, however, was not provided with adequate evidence to adjust for the atypical amount of finished main floor space and therefore found comparability difficult.

[20] The Board reviewed the Complainant's sales comparables and had concerns with the following: Comparable #1 is in fair condition whereas the subject is in average condition and is larger than the subject. Comparables #1 through #4 needed adjustment due their superior location. Comparable #3 needed further adjustment for its site coverage of 45%. Comparable #7 is smaller than the subject. All comparables needed adjustment for a smaller percentage of finished main floor office space. The Board placed little weight on these sales comparables.

[21] The Board examined the Complainant's equity comparables and noted that comparables #2, #3 and #5 had two buildings on site. Properties #2 and #5 had a 10% negative rear-building adjustment applied to their assessment and when taking that into consideration, the Board found that these tend to support the assessment of the subject. Comparable #6 has very little finished office area. The Board found equity comparable #1 located at 4435-99<sup>th</sup> Street to be most comparable to the subject due to the high percentage of finished main floor area, taking into account adjustments for location and age. This caused the Board to question the fairness of the assessment and therefore proceeded to examine the evidence provided by the Respondent.

[22] The sales comparables presented by the Respondent initially tended to support the assessment of the subject; however, comparables #2, #3, #7 and #8 were up to 16 years newer in age than the subject. Further, comparables #2, #4 and #6 required adjustment for lower than typical site coverage and several comparables had a smaller main floor area than the subject. Comparable #4 is most similar to the subject with 64% main floor finished space, however, needed adjustments due to lower site coverage, lower main floor area and lower main floor finished area. Based on this analysis, the Board was not persuaded by the Respondent's sales comparables.

[23] The Board considered the equity comparables presented by the Respondent and found them to be similar to the subject in location, site coverage and age. They were, however, substantially smaller in main floor and main floor finished areas than the subject. The assessments of these equity comparables based on total building area range from \$107/sq ft to \$134/sq ft with an average of \$121/sq ft prior to any size adjustments. In addition, the Complainant's equity comparable #1, which is the most comparable to the subject, is assessed at \$121.93/sq ft which further supports the average value of the Respondent's equity comparables.

[24] The Board therefore reduces the 2013 assessment of the subject to \$4,356,000 or \$121/sq ft.

**Dissenting Opinion**

[25] There was no dissenting opinion.

Heard October 16, 2013.

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



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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.*