

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01689**

**Assessment Roll Number:** 10060428

**Municipal Address:** 4630 51 Avenue 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, built in 2007, is a medium warehouse located at 4630-51 Avenue in the Pylypow Industrial subdivision of the City of Edmonton. The building is located on a site of 130,786 square feet (sq ft) and has a gross building area of 26,709 sq ft representing site coverage of 20%. The main floor has 3,434 sq ft of finished office space; however, it has no finish on the upper floor. The subject is assessed on the sales comparison approach at \$5,346,000 or \$200.15/sq ft.

### **Issue**

[4] Is the 2013 assessment of the subject correct and reflective of market value?

## **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) illustrating the location of the subject and providing five comparable sales to suggest the assessment of the subject is in excess of its market value.

[7] The comparable sales (C-1, pg 8) range in year built from 1992 to 2001, in site area from 37,694 to 158,660 sq ft, and in site coverage from 25% to 30%. The gross building area of the sales ranges from 14,026 sq ft to 44,000 sq ft, and finished main floor office space ranges from 3,373 sq ft to 9,612 sq ft. The time-adjusted sale price for main floor ranges from \$120.76/sq ft to \$198.93/sq ft with an average of \$165.48/sq ft and a median of \$163.68/sq ft compared to the assessment of the subject at \$200.15/sq ft.

[8] The Complainant presented the Board with a calculation to adjust the site coverage of each sale comparable to 20%, which is the site coverage of the subject, therefore making them more comparable in respect to this attribute. These calculations were supported with land sales averaging approximately \$19.00/sq ft (C-1, pg 29). New time-adjusted values of \$144.60, \$181.09, \$145.24, \$281.65 and \$269.08 respectively were derived for the five sale comparables with an average of \$204/sq ft and a median of \$181/sq ft.

[9] The Complainant suggested that based on the sales comparables, the subject is assessed in excess of its fair market value and requested that the Board reduce the 2013 assessment from \$200.15/sq ft to \$175.00/sq ft or \$4,674,000.

## **Position of the Respondent**

[10] 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

factors, such as rear building adjustment, may be applied to properties on a site-specific area to recognize other factors which may affect market value.

[11] The Respondent presented the Board with seven comparable sales (R-1, pg 23) in defense of the assessment of the subject property. Comparable #1, located in Winterburn, an inferior location to the subject but similar in all other attributes, was assessed at \$195.13/sq ft. The Respondent suggested that this was evidence that the subject had been assessed correctly. The remaining comparables are located in industrial group 18, as is the subject; they range in year built from 1974 to 2008, in lot size from 78,067 to 134,249 sq ft, and in site coverage from 21% to 33%. The sales were also similar in main floor area and main floor finished area. The range in time-adjusted sale price based on main floor area was from \$154.85 to \$291.23/sq ft, with the subject falling within the range of these values at \$200/sq ft.

[12] The Respondent further included six equity comparables to suggest the assessment of the subject is not only correct but also equitable (R-1, pg 31). These comparables were similar to the subject in location, age, condition, site coverage and total main floor area. Their assessments ranged from \$173/sq ft to \$214/sq ft suggesting the assessment of the subject at \$200/sq ft was fair and equitable.

### **Rebuttal**

[13] The Complainant challenged the Respondent's sale # 3 as being a sale/lease back, suggesting the market value of this sale is suspect. The Respondent replied that this sale had been verified as a valid sale having sold at market value and had been included in the City's model.

### **Decision**

[14] The decision of the Board is to reduce the 2013 assessment from \$5,346,000 to \$4,674,000.

### **Reasons for the Decision**

[15] The Board reviewed the Complainant's calculation to adjust the site coverage of the five comparable sales to bring them in line with the 20% site coverage of the subject property. Although the calculation may have some merit, the Board is not persuaded that it is necessary to make precise adjustments for the difference in site coverage for these properties. Their site coverage ranges from 25% to 30%, all below typical and within 10% of the subject's site coverage. It is the Board's opinion that not all properties with low site coverage would automatically have a higher market value than comparable sales even if all other factors were similar. The size and shape of the property, the footprint of the building and where it is situated on the property, as well as access, could play a role and negate the positive influence of the excess land. The Board therefore placed little weight on the site coverage adjusted sale price of the comparable properties.

[16] All comparables provided by the Complainant require some adjustments due to their differences in age, site coverage, gross building area, main and upper finished floors. In analyzing these differences, the Board finds comparable #2 and #4 to be most similar to the subject, suggesting the assessment of the subject may be excessive.

[17] In reviewing the Respondent's sales, the Board is persuaded that comparable #1, very similar to the subject in most attributes, was a strong comparable except for its inferior location in Winterburn. Sale #3 was favoured as it was similar to the subject in age, size main floor finish, no upper finish and only needed some adjustment for site coverage. These two sales further suggested that the assessment of the subject is too high.

[18] The Board reviewed the Respondent's equity comparables and finds that the average assessment based on total building area is \$173/sq ft which suggests that the assessment of the subject is not equitable.

[19] The Board averaged the Complainant's sale #2 and #4 together with the Respondent's sale #1 and #3 and arrived at a value of \$173/sq ft. The Board finds the assessment excessive and grants the Complainant's request to lower the assessment from \$200/sq ft. to \$175/sq ft.

[20] The Board reduces the 2013 assessment of the subject from \$5,346,000 to \$4,674,000.

**Dissenting Opinion**

[21] 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.*