

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01691**

**Assessment Roll Number:** 8971053

**Municipal Address:** 3900 101 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**  
**George Zaharia, Presiding Officer**  
**Howard Worrell, Board Member**  
**Judy Shewchuk, Board Member**

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### **Procedural Matters**

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members indicated no bias in the matter before them.

### **Preliminary Matters**

[2] There were no preliminary matters.

### **Background**

[3] The subject property is an industrial warehouse located at 3900 101 Street NW in the Strathcona Industrial Park neighbourhood. There are two buildings on site. Building no. 1, with an effective year built of 1975, comprises 43,907 square feet of main floor space that includes 10,560 square feet of office space, plus a finished mezzanine area of 4,128 square feet, for a total building space of 48,035 square feet. Building no. 2 is a cost building with an effective year built of 2007, comprising of 9,600 square feet of space. The buildings are situated on a lot 130,674 square feet (3.0 acres) in size with site coverage of 34% (exclusive of the Quonset).

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$4,950,000 (\$103.05 per square foot).

### **Issue**

[5] Is the 2013 assessment of the subject property too high based on sales of similar properties?

## **Legislation**

[6] **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**

[7] In support of his position that the 2013 assessment of the subject property is excessive, the Complainant presented a 40-page brief (Exhibit C-1). The Complainant argued that based on an analysis of sales of similar properties, the assessment of the subject property was too high.

[8] The Complainant presented six sales comparables in support of his position that the assessment of the subject exceeded its market value. The sales comparables sold between January 2, 2008 and August 29, 2011 for time-adjusted sales prices ranging from \$79.28 to \$125.61 per square foot. This results in an average of \$95.89 and a median of \$92.41 per square foot for total floor space. The building sizes of the comparables ranged from 26,717 to 59,655 square feet, compared to the size of the subject at 48,035 square feet. The site coverage of the comparables ranged from 39% to 44% compared to the subject’s 34% site coverage (exclusive of Quonset; Exhibit C-1, page 8).

[9] Based on an analysis of the sales comparables, the Complainant requested that the assessment of the subject be reduced to \$4,650,000 (\$95 per square foot plus \$87,000 for the Quonset (Exhibit C-1, page 9).

[10] In his last word, the Complainant questioned whether the Board considered the land covered by the cost building (Quonset) as part of the site coverage or not. If the Quonset’s square footage was included in the site coverage, the result would be 41% as the Complainant had shown. If not, the site coverage would be 34% as the Respondent had shown. He argued that the City, in its Annual Realty Assessment Details 2013 sent to the property owner, showed site coverage of 41%, and therefore this percentage was used in his comparison chart (Exhibit C-1, page 11).

[11] In conclusion, the Complainant requested that the 2013 assessment of the subject property be reduced from \$4,950,000 to \$4,650,000, based on a value of \$95 per square foot plus an additional \$87,000 for the cost building (Quonset).

### **Position of the Respondent**

[12] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 60-page assessment brief (Exhibit R-1) that included law and legislation.

[13] The Respondent submitted information addressing mass appraisal which is a methodology for valuing individual properties using typical values for groups of comparable properties. Factors found to affect value in the warehouse inventory in decreasing importance are: total main floor area, site coverage, effective age, building condition, location, main floor finished area, and upper floor finished area (Exhibit R-1, page 12-14).

[14] The Respondent submitted sales of six comparables that occurred between July 4, 2008 and August 29, 2011. The properties sold for time-adjusted sales prices ranging from \$98.00 to \$155.00 per square foot for total building floor space, with the subject's \$103.05 per square foot assessment falling at the lower end of this range. The comparables were reasonably similar to the subject as follows: the age of the subject's building number one built in 1975 fell within the range of the comparables that had effective ages from 1968 to 1980; the 34% site coverage of the subject fell within the range of the comparables from 25% to 44%; and the subject's total floor space of building no. one at 48,035 square feet fell within the range of the comparables that went from 26,717 to 59,655 square feet. The Respondent acknowledged that the comparables would require minor adjustments due to building size, site coverage, and industrial group (Exhibit R-1, page 26).

[15] The Respondent provided a review of the Complainant's six sales comparables, identifying that the Respondent's sales comparables nos. 5 and 6 were the same as the Complainant's sales comparables nos. 3 and 1 respectively. In particular, the Respondent highlighted the Complainant's sales comparable no. 4 that sold for a time-adjusted sale price of \$84.00 per square foot, pointing out that the property sold with lease rates well below market (Exhibit R-1, page 26).

[16] The Respondent submitted eight equity comparables that were assessed for total building floor space from \$100 to \$105 per square foot, with the \$103.05 per square foot assessment of the subject falling within this range. The comparables were similar to the subject as follows: the age of the subject's building no. one built in 1975 fell within the range of the comparables that had effective ages from 1973 to 1978; the 34% site coverage of the subject fell within the range of the comparables from 27% to 38%; and the subject's total building floor space of building no. one at 48,035 square feet fell within the range of the total building floor space of the comparables, which ranged from 39,233 to 53,751 square feet. All the equity comparables were located in industrial group 18 and are in average condition, as is the subject. The Respondent stated that all the comparables were good, and therefore needed no adjustments (Exhibit R-1, page 37).

[17] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of the subject property at \$4,950,000.

### **Decision**

[18] The decision of the Board is to confirm the 2013 assessment of the subject property at \$4,950,000.

## **Reasons for the Decision**

[19] The Board placed less weight on the evidence and argument put forward by the Complainant for the following reasons:

- a) The sales comparables submitted by the Complainant had site coverage that was greater than the site coverage of the subject by 5% to 10%. This would require an upward adjustment to the time-adjusted sale prices to account for the required additional land and bring the comparables to the same site coverage as the subject. In the case of the subject, the cost of this additional land would be included in the \$103.05 per square foot assessment, and would therefore provide support for the subject's assessment.
- b) Although the Complainant used a site coverage of 41% for the subject, that included the land covered by the Quonset in his sales comparison chart, he did recognize that the cost per square foot of the Quonset was not to be included in the per square foot cost of building no. one. To provide a value for the Quonset, the Complainant added an additional \$87,000 to account for the cost of the Quonset. This amount was not supported by any evidence to assist the Board in determining whether this was a fair market value or not.

[20] The Board placed greater weight on the evidence provided by the Respondent for the following reasons:

- a) The assessment of the subject at \$103.05 per square foot fell within the range of the time-adjusted sale prices of the Respondent's six sales comparables for total building floor space. These sale comparable prices ranged from \$98.00 to \$155.00 per square foot, although the Board would exclude sale comparable no. 4 at \$155 per square foot since at 25% site coverage and 64% total finished area, this sale comparable would require a significant downward adjustment. The remaining five sales comparables that ranged from \$98 to \$126 per square foot still supported the \$103.05 assessment of the subject.
- b) The assessments per square foot of the eight equity comparables for total building floor space ranged from \$100 to \$105 per square foot. The assessment of the subject at \$103.05 per square foot fell within this very tight range. In addition, since the equity comparables were very similar to the subject, no adjustments would have to be made.

[21] The Board accepted the Respondent's approach of not including the land covered by a cost building in the site coverage, since by the very nature of cost buildings, they can be easily removed. The Board notes, however, that including the land covered by the cost building in the site coverage shown on the Annual Realty Assessment Details 2013 sent to the property owner, led to a legitimate concern by the Complainant.

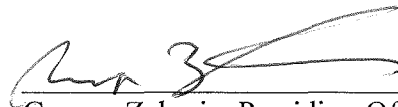
[22] The Board was persuaded that the 2013 assessment of the subject property at \$4,950,000 was fair and equitable.

**Dissenting Opinion**

[23] There was no dissenting opinion.

Heard September 27, 2013.

Dated this 25<sup>th</sup> day of October, 2013, at the City of Edmonton, Alberta.

  
George Zaharia, 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.*