

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01694

Assessment Roll Number: 1533207

Municipal Address: 15830 111 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 comprises a medium warehouse located in the Sheffield subdivision in the north-west industrial district. It has an effective year built of 1969 and has a main floor building area of 13,066 sq ft including 2,613 sq ft of main floor offices plus a finished mezzanine area of 900 sq ft for a gross building area of 13,966 sq ft. The property is located in industrial group #2 and has a site coverage ratio (SCR) of 37%.

[4] The assessment of the subject property is \$1,662,500 which equates to a main floor area unit rate of \$127.24/ sq ft or a total floor area unit rate of \$119.04/ sq ft.

Issue

[5] Has the subject property been assessed correctly?

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] The Complainant filed this complaint on the basis that the assessment of the subject property was higher than its market value and that it was also assessed higher than similar properties. In support of this contention the Complainant provided a chart of 5 property sales all located on arterial roads in the north-west industrial district like the subject property (Exhibit C-1, page 8). The comparable sales ranged in age from 1963 to 1979 and in SCR from 32% to 50%. The leased building area (LBA) and main floor area (MFA) both ranged from 11,172 sq ft to 25,200 sq ft, while the finished main floor area ranged from 1,504 sq ft to 9,936 sq ft. When analyzed the five sales produced unit area rates ranging from \$63.73/ sq ft to \$144.33/ sq ft based on both LBA and MFA. The average was \$104.69/ sq ft and the median \$99.74/ sq ft. From this analysis the Complainant requested that the Board reduce the rate to \$100.00/ sq ft as compared to the assessed rate of \$127.24/ sq ft.

[8] The Complainant also provided a chart of 5 equity comparables (C-1, page 9) again all located on arterial roads in the north-west industrial district like the subject. The comparables ranged in age from 1965 to 1970 and in SCR from 31% to 44%. The LBA ranged from 11,295 sq ft to 14,930 sq ft and the MFA from 11,295 sq ft to 13,280 sq ft. When analyzed the resulting area rates ranged from \$106.78/ sq ft to \$121.25/ sq ft when based on LBA and \$106.78/ sq ft to \$133.70/ sq ft when based on MFA. The average was \$117.12/ sq ft and the median \$118.92/ sq ft based on LBA and the average \$120.07/ sq ft and the median \$120.92 based on MFA. From this analysis the Complainant requested the Board to reduce the assessment to \$120/sq ft.

[9] The Complainant advised the Board that the taxpayer has the right to the lower of fairness and equity or market value (C-1, pg 46) as per *British Columbia (Assessor for Area 9 - Vancouver) v. Bramalea Ltd*, 1990 (BCCA). This decision was further supported by subsequent MGB Board Orders.

[10] Having analyzed the comparable sales and the equity comparables, the Complainant requested that the assessment be reduced to \$1,567,500 based on an assessed unit rate of \$120.00/ sq ft.

Position of the Respondent

[11] In defence of the assessment the Respondent provided a chart of 6 comparable sales (Exhibit R-1, page 23) ranging in effective age from 1963 to 1979, and SCRs from 33% to 41%. Main floor area ranged from 11,172 sq ft to 15,089 sq ft and main floor finished area from 1,504 sq ft to 4,349 sq ft. When analyzed the sales produced values ranging from \$109/ sq ft to \$144/ sq ft with the subject assessment at \$127/ sq ft. The chart was colour coded to indicate that further adjustments were required to the comparable sales to make them similar to the subject.

[12] The Respondent provided a second chart (R-1, page 31) of 6 equity comparables, all located in the same group in the north-west industrial area. The effective ages ranged from 1963 to 1979, and the SCRs ranged from 26% to 47%. The MFA ranged from 12,000 sq ft to 14,996 sq ft and the finished main floor area from 1,015 sq ft to 9,034 sq ft. When analyzed, the resulting area rates ranged from \$121/ sq ft to \$155/ sq ft based on main floor area with the subject at \$127/ sq ft. Based on total building area the rates ranged from \$96/ sq ft to \$136/ sq ft with the subject at \$119/ sq ft.

[13] The Respondent provided additional information with respect to the Complainant's comparable sales (R-1, pages 38 - 45). The Respondent's record showed that sale #1 was a duress sale and sale #5 was only in fair condition (implying an upward adjustment was required). Sale #4 showed the size as provided by the Respondent was different than that supplied by the Complainant. Using the Respondent's size for sale #4 would result in a higher unit area value than calculated by the Complainant.

Rebuttal

[14] The Complainant provided the Respondent's chart of comparable sales and informed the Board that sales 1, 2, 3 & 6 were located in the south-east industrial and were not good comparables (Exhibit C-2, page 4). Sale #4 was the only sale in a similar location and grouping as the subject but it was in only fair condition. Sale #1 was newer and superior to the subject and the overall comparability coding was incorrect. The Respondent's equity chart (C-2, page 7) was also provided. The Board was informed that comparable #2 was a corner lot with exposure to two busy traffic arteries and as such was superior to the subject property.

Decision

[15] The decision of the Board is to confirm the 2013 assessment of \$1,662,500

Reasons for the Decision

[16] The Board was initially persuaded by the comparable sales of the Complainant as they were all located in the north-west industrial district. They were all similar in main floor area and main floor offices, and three of the five had similar SCRs. Four of these properties were of very similar age.

[17] The Board was, however, more persuaded by the comparable sales analysis of the Respondent. All six sales were similar in size to the subject and had similar SCR's. With one exception these sales were similar in age to the subject. They also had 13% to 29% of the main floor finished, not unlike the subject which has 20% finished. The subject assessment at \$127/ sq ft falls within the range of \$109/ sq ft and \$144/ sq ft and the average figure of \$128/ sq ft supports the assessed rate.

[18] Furthermore, the Respondent persuaded the Board that less weight should be placed on the Complainant's sale #1 as it was a duress sale. Sale #4 was given less weight because of size differentials and #5 for condition. The Board found the Complainant's sales were in retrospect less meaningful than they had appeared.

[19] The Board initially found the equity comparables of the Complainant to be convincing, suggesting that the assessment was slightly high as the five comparables were similar in gross building area, SCR, age and exposure to an arterial road. However, three of the comparables had no main floor area finish and the other two had less than 10% of the main floor area finished.

[20] The Board was not persuaded by the Respondent's equity comparables. Although all were located in the same industrial group and were similar in main floor area, only three were similar in site coverage and only two of those three were similar in age. According to the Respondent's 2013 Industrial Warehouse Brief, SCR and age are the second and third most important both factors effecting value.

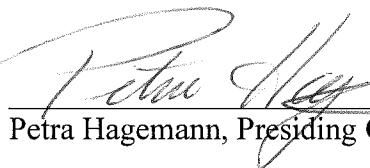
[21] In conclusion the Board was more persuaded by the Respondent's comparable sales and finds the assessment to be correct.

Dissenting Opinion

[22] There was no dissenting opinion.

Heard October 15, 2013.

Dated this 13th 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.