

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01696

Assessment Roll Number: 1560416
Municipal Address: 17203 102 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 distribution warehouse located in the Stone Industrial District in the north-west industrial district. It has an effective year built of 1980 and has a main floor building area of 11,997 square feet (sq ft) including 2,356 sq ft of main floor office development. The property is located in industrial group 17 and has a site coverage ratio of 30%.

[4] The assessment of the subject property is \$1,583,000 which equates to a main floor area unit rate of \$131.95/ sq ft.

Issue

[5] Is the assessment of the subject property correct?

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 in excess of its market value. In support of this contention the Complainant provided a chart of comparable sales located primarily in the north-west industrial district. The buildings ranged in size from 13,422 sq ft to 18,594 sq ft, and the site coverage ratios (SCR) from 27% to 39%. The ages ranged from 1976 to 1981. Except for one sale, the main floors contained a fairly similar area of finished space, namely 668 sq ft to 3,354 sq ft.

[8] The Complainant contended that when time-adjusted to valuation day and subsequently analyzed, the comparables produced a range in value, based on main floor area, from \$86.49/ sq ft to \$153.09/ sq ft with an average of \$117.44/ sq ft and a median of \$114.89/ sq ft. When based on leased floor area the range was from \$86.49/ sq ft to \$127.86/ sq ft with an average of \$104.44/ sq ft and a median of \$92.47/ sq ft. The Complainant noted that for sale numbers 4, 5 and 6 the leased building area rates included a 10 % downward adjustment as they each had exposure to an arterial road.

[9] From the above analysis the Complainant contended that, based on age, size, location and site coverage, the subject property should be assessed at \$100.00/ sq ft (\$1,199,500) as opposed to the current assessment of \$131.94/ sq ft.

Position of the Respondent

[10] In defence of the assessment the Respondent provided a synopsis of the Mass appraisal methodology, as well as the Approaches and Factors Affecting Value (Exhibit R-1, pages 9 & 12-14). The Respondent provided a chart of comparable sales (R-1, page 23) that ranged in effective age from 1974 to 1988, while the site coverage ratios ranged from 24% to 39%. The main floor building area ranged from 10,830 sq ft to 18,821 sq ft. The main floor finished areas ranged from 2,784 sq ft to 6,383 sq ft and the second floor finished areas ranged from zero to 3,305 sq ft. The total building area ranged from 11,456 sq ft to 19,903 sq ft.

[11] The Respondent contended that the comparable sales were time-adjusted to valuation day and when analyzed ranged in value from \$141/sq ft to \$212/sq ft based on main floor area with

the subject falling within this range at \$132/ sq ft. Based on total floor area the range was \$141/ sq ft to \$179/ sq ft with the subject again at \$ 132/ sq ft as there was no upper floor area developed. The sale chart was colour coded to indicate that additional adjustments were required to the comparable sales to make them comparable to the subject property.

[12] The Respondent also provided a second chart of the Complainant's comparable sales (R-1, page 23) with additional columns to indicate the appropriate industrial group, the building number count, the condition, the total building area and the overall comparability. Again, the chart was colour coded to indicate that additional adjustments were required to the sales to make them comparable to the subject property. There were some size discrepancies between the two party's charts and the Respondent's chart had eliminated the Complainant's first three sales on the basis that sales #1 and #3 were non-arm's length transactions and sale #2 had a lease interest to purchase the property. As a result the Respondent considered these sales invalid for valuation purposes. The unit rates resulting from the Respondent's calculations, based on main floor area, ranged from \$105.00/ sq ft to \$153.00/ sq ft with the subject falling within this range at \$132.00/ sq ft. Based on total building area the analysis resulted in unit rates ranging from \$91.00/ sq ft to \$142.00/ sq ft. The Respondent stated that the Complainant's sales support the assessment using their areas and adjustments.

[13] The Respondent provided a chart of 7 equity comparables (R-1, page 40) that ranged in size from 10,088 sq ft to 14,615 sq ft. They had SCRs ranging from 21% to 33%. The effective ages ranged from 1971 to 1980. Additionally, these properties had a fairly similar amount of finished space to the main floor and were all in the same industrial group (17). The unit rates calculated from these comparable properties, based on main floor area, ranged from \$127.00/ sq ft to \$141.00/ sq ft and when based on total building area ranged from \$110.00/ sq ft to \$141.00/ sq ft with the subject falling within this range. The Respondent requested the assessment of the subject be confirmed at \$1,583,000

Decision

[14] The decision of the Board is to confirm the 2013 assessment of \$1,583,000.

Reasons for the Decision

[15] The Board was initially persuaded by the evidence of the Complainant as the main floor building areas of the comparables were similar, except for the Davies Road sale which was 55% larger. The SCRs were similar except for sale #1, and the ages were all similar and except for sale #5. The properties all had a similar proportion of the main floor finished as offices. Five of the 7 sales were located in the north-west industrial district. The averages and the medians, however derived, indicated the assessment is high.

[16] The Board was not persuaded by Respondent's sales comparables as only two were of similar size. The SCRs were similar except for sale #2. The age ranges were also good, but all had more main floor office finish and three had more finish on the upper level than the subject has on the main floor. Only one sale was in the same industrial group and two sales were in the south-east industrial district. The chart was colour coded and indicated further downward adjustments were required but the Board was not provided with any quantitative factors to enable them to adjust appropriately.

[17] The Board then reviewed the Respondent's critique of the Complainant's sales. Evidence was provided that sales #1, #2 and 3# were invalid as they were non-arm's length sales and these

were the only sales in the same industrial group (17). The remaining sales all required adjustments for industrial grouping and one for size as it was 55% larger than the subject. However, no evidence was provided to enable the Board to make a meaningful adjustment. The resulting figures appear to support the assessment but the Board noted no adjustment was made by the Respondent for exposure to an arterial road like the Complainant had done. Further inspection of the evidence indicated that sale #4 of the Complainant and sale #5 of the Respondent (Davies Road) was a sale common to both parties. It was also not on an arterial road and the Complainant's adjustment appears to be misleading.

[18] The Board finds the respective sales analyses of the Complainant and Respondent were not persuasive and therefore looked to the Respondent's equity analysis.

[19] The Board was persuaded by the equity evidence of the Respondent. The sales were all similar in main floor area, and with one exception the SCRs were similar. Also, the ages and the main floor office areas were similar. The properties were all located in the same industrial group in the north-west industrial district. The median value was \$131.00/ sq ft and the average was \$132.00/ sq ft both of which give excellent support to the assessment. For these reasons the Board finds for the Respondent.

Dissenting Opinion

[20] There was no dissenting opinion.

Heard commencing October 15, 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.