

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01697

Assessment Roll Number: 1553957

Municipal Address: 17205 107 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 an office warehouse building located on an IB zoned lot in the McNamara industrial subdivision in the north-west industrial district. It has an effective year built of 1977 and has a main floor building area of 17,185 sq ft including 9,589 sq ft of main floor offices plus a finished mezzanine area of 5,661 sq ft for a gross building area of 22,846 sq ft. The property is located in industrial group 2 and has a site coverage ratio (SCR) of 32%.

[4] The assessment of the subject property is \$2,702,000 which equates to a main floor area unit rate of \$157.23/ sq ft or a total floor area unit rate of \$118.27/ 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 higher than similar properties. In support of this contention the Complainant provided a chart of 10 equity comparables (Exhibit C-1, page 8) all located in the north-west industrial district. These comparables had main floor building areas ranging from 12,500 sq ft to 32,767 sq ft, with the subject at 17,185 sq ft. The SCRs ranged from 31% to 37%, while the subject has an SCR of 32%. The ages ranged from 1972 to 1981, with the subject having been constructed in 1977. Six of the ten comparables had main floor office development and 5 had some mezzanine development. The Complainant informed the Board that a 10% adjustment had been added to sales #4 to #10 inclusive to account for their inferior locations.

[8] The Complainant provided unit assessments based on both leased building areas and the main floor areas. The unit rates based on main floor area ranged from \$100.81/ sq ft to \$146.88/ sq ft with an average of \$120.18/ sq ft and a median of \$115.15/ sq ft. The unit rates based on leased areas ranged from \$101.65/ sq ft to \$128.67/ sq ft with an average of \$113.78/ sq ft and a median of \$112.67/ sq ft. The Complainant contended that based on the attributes of size, site coverage, age and location, the indicated value of the subject, based on leased area, was \$110/ sq ft, which would result in an assessment of \$2,513,000.

[9] In support of the equity analysis the Complainant provided information from the Respondent’s web site relating to building details such as assessments, age, lot size, SCRs, building areas, etc (Exhibit C-1, pp. 12-38).

Rebuttal

[10] The Complainant provided a chart combining two of the Altus comparables on 107 Avenue and two of the Respondent’s comparables on 107 Avenue together with the common sale used by both parties. The five comparables had an average value of \$116.54/ sq ft and a

median value of \$115.30/ sq ft. From this analysis the Complainant concluded the assessment of the subject should be \$110.00/ sq ft.

Position of the Respondent

[11] In defense of the assessment the Respondent provided a chart of 8 equity comparables (Exhibit R-1, page 30) all located in the north-west industrial district. These comparables had main floor areas ranging from 12,253 sq ft to 19,106 sq ft and SCRs ranging from 22% to 39%. These properties were built between 1976 and 1987. All the comparables had main floor office development and all had finished mezzanine development. They were all in average condition and the unit rates were tabulated with the main floor area rates ranging from \$145/ sq ft to \$165/ sq ft with the subject falling within the range at \$157/ sq ft. Based on total building area rates the range was from \$105/ sq ft to \$127/ sq ft compared to the subject at \$118/ sq ft. The chart was colour coded to indicate that further adjustments were required to make them more comparable to the subject property.

[12] The Respondent also reproduced parts of the Complainant's equity chart (R-1, page 39) and provided additional columns to indicate condition, industrial groupings, percentages of main floor finishing and overall comparability. The range, based on main floor area using the Respondent's figures, was from \$101/ sq ft to \$190/ sq ft. The chart was colour coded to indicate further upward adjustments were required to enhance their comparability to the subject.

[13] The Respondent provided a chart of 5 comparable sales (R-1, page 24) that ranged in size, based on main floor area, from 10,830 sq ft to 18,412 sq ft, with the subject at 17,185 sq ft. Total building area ranged from 11,456 sq ft to 19,893 sq ft, while the subject is 22,846 sq ft. The sales ranged in age from 1974 to 1988; SCRs from 24% to 39% and all sales had some finishing to the main floor area with 3 sales having some finished mezzanine space. The unit values from the sales ranged from \$141/ sq ft to \$212/ sq ft (subject at \$157/ sq ft) based on main floor area only, and \$141/ sq ft to \$179/ sq ft (subject at \$118/ sq ft) based on total building area. Again, the chart was colour coded to indicate once downward adjustments were made for age, site coverage and main floor areas, these comparables would be more similar and support the assessment of the subject.

[14] In support of each of the respective analyses, the Respondent provided The Network data sheets for the comparable sale analysis and the SPSS Detail Reports for both the equity analysis and also the reworking of the Complainant's equity analysis.

Decision

[15] The decision of the Board is to confirm the 2013 assessment in the sum of \$2,702,000.

Reasons for the Decision

[16] The Board noted that the respective analyses had differences in some of the building areas but the areas quoted for the subject property were the same. The Board looked more closely at the respective data from each party and it was apparent that both were produced by the Respondent. It was also apparent that the Complainant appeared to have used the web site data for the most part with two exceptions (C-1, page 8 v pages 15 & 31 - equity comparables #2 and #10). The Board noted that the data from the web site had a notation that "*Gross area may include space not considered for valuation purposes*". The Board noted the SPSS detail reports provided much more detailed information with respect to number of buildings, main floor

finishing and upper level areas developed as well as “cost buildings” where applicable. There being no other evidence before it, the Board considered the more detailed approach was more informative and concluded it was more meaningful than the single figure quoted on the web site data, which included the qualifying or limiting clause regarding “*may include space not considered for valuation purposes*”.

[17] The Board finds the equity arguments of the Complainant and the Respondent were equally persuasive. The range of SCRs and the age range of the Complainant’s comparables were closer to the subject property than the respective ranges provided by the Respondent. Conversely, the main floor area ranges provided by the Respondent and the main floor and upper floor developed areas were much closer to the area of the subject. The Board was not persuaded by the Respondent’s treatment of the Complainant’s equity chart. The recalculation, using the Respondent’s areas was not convincing. The average figure of \$138/ sq ft suggests the assessment is high even though further adjustments are indicated. No evidence was provided to enable the Board to make a meaningful adjustment.


[18] The Board was most persuaded by the sales data provided by the Respondent. The Board noted that three of the five sales were of very similar size to the subject and four had fairly similar site coverage ratios. Three were of the same age and three were also located in the north-west industrial district like the subject. Four sales had a similar SCR to the subject and all five sales had some finished main floor area. All were in average condition and each comparable had only a single building like the subject. The Board was mindful of the rebuttal evidence of the Complainant but noted it only included one of the Respondent’s comparable sales. The Board therefore finds for the Respondent as noted above.

Dissenting Opinion

[19] 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.