

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group Limited v The City of Edmonton, 2013 ECARB 01702**

**Assessment Roll Number:** 9554403

**Municipal Address:** 4735 82 Avenue NW

**Assessment Year:** 2013

**Assessment Type:** Annual Revised

Between:

**Altus Group Ltd**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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**DECISION OF**  
**Tom Eapen, Presiding Officer**  
**Dale Doan, Board Member**  
**Brian Hetherington, Board Member**

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### **Procedural Matters**

[1] Upon questioning by the Presiding Officer, the parties did not object to the composition of the Board. The Board members stated they had no bias with regard to this file.

### **Preliminary Matters**

[2] At the beginning of the hearing the Respondent informed the Board that the City of Edmonton revised the subject property assessment and was now recommending a reduced assessment at \$10,195,000. The Complainant did not accept this recommendation and requested the Board to proceed with the merit hearing.

### **Background**

[3] The subject property is described as a medium size warehouse constructed with an effective year of 1993 and is located in the Medium Industrial subdivision of Morris Industrial Park in the south east part of the City of Edmonton. The subject property consists of eight buildings with a lot size of 275,771 sq. ft. The property is used for a packaging plant and it is owner occupied with site coverage of 15%.

### **Issue(s)**

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

[5] Is the City of Edmonton using the correct assessment method?

## **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 provided the Board with a 68-page brief, entered into evidence as exhibit C-1.

[8] The Complainant stated that the highest and best use of the subject property is in its current configuration as an industrial warehouse.

[9] The Complainant informed the Board that the subject property has site specific issues that need to be addressed. The subject property was originally assessed using the cost approach method and was valued at \$6,374,500.

[10] In 2012, the City changed its methodology of assessing warehouse properties. As a result of this change, the City has now assessed four of the subject buildings on a cost approach and the remaining four from a direct sales approach. The result of this was that the assessment was almost doubled to \$11,128,500.

[11] Based on the use of the equity comparison the Complainant suggested to the Board that an equity value would be \$8,924,500.

[12] The Complainant also stated that the subject property functions as one unit. Each building has its own unique purpose, different levels of office and upper office finish and different services (considering some buildings have no services such as heat, water or power).

[13] The Complainant also provided with the Board sixteen pictures of the subject (C1, pages 20 – 27), and an aerial photo of the site (C-1, p 28).

[14] The Complainant also included with the package fourteen equity comparable properties from south side of the City (C1, pages 31-58), supported by photographs and background information.

[15] Based on the above arguments, the Complainant requested the Board return to the original assessment method, resulting in a figure of \$6,374,500, or an equity value of \$8,924,500.

### **Position of the Respondent**

[16] The Respondent provided the Board with a 59-page brief, entered into evidence as exhibit R-1.

[17] The Respondent informed the Board that a large percentage of industrial property in Edmonton is owner-occupied, and as such has no income attributable to it. For the purpose of the 2013 Assessment the direct sales comparison approach was employed in half of the buildings as ample data is available for reliable value estimates. When sufficient valid sales are available, this approach tends to be the preferred valuation method.

[18] The Respondent provided eight photographs of the subject (R1, pages 15 – 22) in support of the City's assessment. The City had originally considered the number six building (aerial photo illustrating the numbered buildings R-1, p 23) with sales approach and has now revised to a cost approach method which has reduced the assessment, resulting in the new value at \$10,195,000.

[19] To effectively illustrate the value of comparable properties in South Edmonton, the Respondent presented the Board with a chart of equity comparables (R-1, p 29). These comparables were broken down into three sections, with each section being compared to one of the Complainant's direct sales buildings. The average assessment of the nine properties was \$180 per square foot. The comparables range from 13% to 25% site coverage, whereas the subject has 15% site coverage.

[20] The Respondent also compared the Complainant's equity comparables and suggested majority of these comparables are inferior to the subject property, due to differences in site coverage, building sizes and lack of detailed information.

[21] The Respondent provided the Board with nine equity comparables of properties similar to the subject in regards to the seven factors found to affect value in the warehouse inventory which supports the assessment.

[22] In conclusion the Respondent claimed all of the above evidence indicates the amended 2013 assessment for the subject property at \$10,195,000 is fair and equitable.

### **Decision**

[23] The Board accepts the Respondent's recommendation to reduce the overall 2013 assessment to \$10,195,000 and the Board finds this is fair and equitable.

### **Reasons for the Decision**

[24] The Complainant's equity comparables (C1, page 10) have average site coverage of 28% which is not comparable to the subject property's site coverage of 15%.

[25] The Board considered the Respondent's equity comparables to be similar in age and site coverage. In regard to building size, each of the Respondent's three groupings related directly to one of the Complainant's three direct sales buildings, showing a fair and equitable assessment.

[26] The City of Edmonton is within their right to correct the mistake in the previous year's assessment and properly evaluate a property.

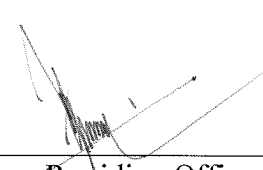
[27] The Board finds the Complainant's evidence did not meet the onus and therefore and is of the opinion that the 2013 assessment at \$10,195,000 is fair and equitable.

**Dissenting Opinion**

[28] There was no dissenting opinion

Heard commencing August 23<sup>rd</sup>, 2013.

Dated this 20<sup>th</sup> day of September, 2013, at the City of Edmonton, Alberta.



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Tom Eapen, Presiding Officer

**Appearances:**

Adam Greenough

Ron Holdinga

for the Complainant

Suzanne Magdiak

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.*