

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2014 ECARB 00638

Assessment Roll Number: 1554005

Municipal Address: 17204 106A AVENUE NW

Assessment Year: 2014

Assessment Type: Annual New

Assessment Amount: \$2,419,000

Between:

West Two Enterprises Ltd represented by Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Petra Hagemann, Presiding Officer
Brian Frost, Board Member
Darryl Menzak, Board Member

Procedural Matters

- [1] Upon questioning by the Presiding Officer the parties indicated they did not object to the Board's composition. In addition, the Board members stated they had no bias with respect to this file.

Background

- [2] The subject property built in 1977 is a medium warehouse located at 17204-106A Avenue in the McNamara Industrial subdivision of the City of Edmonton. The footprint of the building is 17,216 square feet (sq ft) with 11,492 sq ft of finished office space on the main floor. It is situated on a 48,168 sq ft parcel of land; site coverage of 35.7%. The 2014 assessment has been valued on the Sales Comparison Approach.

Issues

- [3] Is the assessment of the subject property fair and equitable when compared to the assessments of similar properties?

Position of the Complainant

- [4] To support a reduction in the assessment, the Complainant presented evidence and argument for the Board's consideration.

[5] The Complainant took the position that the owner has the right to the lower of fairness or equity and referred the Board to the *Bramalea Ltd. V. British Columbia (Assessor for Area 9 (Vancouver)) (B.C.C.A)* [1990] B.C.J. No. 2730 case which states:

“..It is my view that the principles mentioned give the taxpayer two distinct rights: (i) a right to an assessment which is not in excess of that which can be regarded as equitable; and 9ii) a right not to be assessed in excess of actual value...”

[6] The Complainant further pointed the Board to the *Mountain View (County) v. Alberta (Municipal Government Board)*, 2000 ABQB 594 case which states:

....I am of the opinion that the action of the Board in setting aside and reducing the original assessment should stand, even though the revised assessment was not obtained by use of mass appraisal methods. I base this view on the fact that the mass appraisal as used did not produce a result that complied with the market value requirement.”....

[7] The evidence provided by the Complainant consisted of seven equity comparables. It was suggested that these properties located in the northwest area of Edmonton were similar to the subject, in age, site area, site coverage and building size. They ranged in main floor office space from 0 to 9,589 sq ft compared to the subject's 11,492 sq ft; some had finished upper offices while others did not. The assessments per sq ft ranged from \$109.41 to \$140.86 with an average of \$123.39 and a median of \$122.07/sq ft.

[8] The Complainant advised the Board that their comparables #1 assessed at \$134.16/sq ft and #2 assessed at \$140.86/sq ft are located on 107th Avenue, a major road were superior to the subject in location. This suggested that the assessment of the subject at \$140.51/sq ft is excessive.

[9] The remaining five equity comparables as well as the subject were located on non-arterial roads and range in assessments from \$109 to \$129/sq ft, further suggesting the assessment of the subject at \$140.51 is not equitable.

[10] In response to the Respondent's comment that the large amount of main floor office space renders the subject more valuable than the equity comparables, the Complainant directed the Board to the factors affecting value which places main floor finished office space second last in order of importance and therefore not a major factor in determining value.

[11] Based on the evidence provided, the Complainant requested the Board reduce the assessment of the subject from \$140.51 to \$120.00/sq ft or \$2,065,500.

Position of the Respondent

[12] The Respondent submitted evidence and argument to the Board in support of the assessment of the subject property.

[13] The Respondent directed the Board to the section in their brief outlining the mass appraisal vs. the single appraisal processes.

[14] The Respondent advised the Board that the factors affecting value in the order of importance are: main floor area, site coverage, effective age, industrial group location,

condition, main floor finished area and upper finished area. Further adjustments for a rear building, lot shape, caveats etc may be applied on an individual basis if warranted.

[15] The Respondent presented the Board with five properties to illustrate that the assessment of the subject is equitable when compared to the assessments of similar properties. These properties were similar to the subject in age, site area, site coverage and building size. The main floor areas ranged from 2,070 to 20,765 sq ft; two properties had upper finished office space. Differences were highlighted for upward or downward adjustments. The assessments ranged from \$122.44 to \$150.14/sq ft illustrating that the assessment of the subject was equitable.

[16] The Respondent argued that the subject is more valuable due to the large amount of finished office space on the main floor as compared to all other comparables presented. During argument however, the Respondent informed the Board that preference is given to total finished spaces rather than only finished main floor area when calculating the time adjusted sales prices; this being more advantageous to the Complainant.

[17] For easier comparability, the Respondent reproduced the Complainant's seven equity comparables on the same page as those of the City. Colour coding illustrated the positive or negative adjustments required for each property to become more comparable to the subject. When comparing all twelve properties provided by both parties, the Respondent noted that they range in time adjusted sale prices from \$109.41 to \$150.14/sq ft. This shows that the assessment of the subject property falls within this range and is therefore fair and equitable.

[18] The Respondent respectfully requested the Board confirm the 2014 assessment at \$2,419,000.

Decision

[19] The decision of the Board is to reduce the 2013 assessment of the subject property from \$140.51/sq ft to \$132.00/sq ft or \$2,272,500.

Reasons for the Decision

[20] The Board examined the evidence provided by the Complainant. Comparables #3, 4, 5 and 7 had considerably less total finished office space than the subject and were given somewhat less weight.

[21] The Board was persuaded by the following equity comparables submitted by the Complainant. Comparable #6 at \$114.77/sq ft although on a somewhat smaller site, was most similar to the subject. Comparables #1, assessed at \$134.16/sq ft, slightly larger than the subject and located on a major road was found to be superior. Comparable #2, assessed at \$149.86/sq ft, also on a major road and ten years newer, was also superior to the subject. These two properties indicate that the subject's assessment at \$140.51/sq ft is excessive.

[22] The Board reviewed the Respondent's five equity comparables and found that comparables #2 located at 10802-172 Street and #3 located at 15842-112 Street were most comparable to the subject as they required the least adjustments. Their time adjusted sale prices for total finished floor area were \$132.52 and 131.60/sq ft respectively.

[23] The Board found that the Complainant's evidence was insufficiently convincing to justify a reduction in the assessment to \$120.00/sq ft.

[24] The Board found that the 2014 assessment was not fully supported by the Respondent's evidence and argument.

[25] In summary, the Board found that the Complainant's comparables #1, 2, and 6 as well as the Respondent's #2 and 3 were most convincing to establish a fair and equitable assessment for the subject. Their assessments were \$134.16, 140.86, 114.77, 132.52 and 131.60 respectively with a median of approximately \$132.00/sq ft.

[26] The Board therefore reduces the 2014 assessment of the subject to \$132.00/sq ft and from \$2,419,000 to \$2,272,500.

Dissenting Opinion

[27] There was no dissenting decision.

Heard June 23, 2014.

Dated this 7th day of July, 2014, at the City of Edmonton, Alberta.



Petra Hagemann, Presiding Officer

Appearances:

Adam Greenough, Altus Group
for the Complainant

Marty Carpentier, Assessor
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.

Appendix

Legislation

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.

Exhibits

C-1 – Complainant’s Brief (47 pages)

R-1 – Respondent’s Brief (39 pages)