

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2014 ECARB 00647

Assessment Roll Number: 10057591

Municipal Address: 17615 111 AVENUE NW

Assessment Year: 2014

Assessment Type: Annual New

Assessment Amount: \$4,624,000

Between:

Coventry Lands Group Inc 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 is a medium size industrial building located in the McNamara Industrial neighborhood. It is approximately 26,517 square feet (sq ft) in size with an office area of 12,167 sq ft. The building was constructed in 2007 and is in average condition. The lot size is 74,362 sq ft with site coverage of 35.7%.

Issues

[3] Is the assessment equitable compared to similar properties?

Position of the Complainant

[4] The Complainant took the position that the assessment of the subject property is assessed too high when compared to similar properties.

[5] The Complainant provided six equity comparables for the Board's consideration. The properties ranged in year built from 2000 to 2011, in size from 62,778 to 90,036 sq ft, in site coverage from 31 to 37%, in building area from 19,978 to 28,712 sq ft and in assessment from \$137.93 to \$188.16 per sq ft. The Complainant suggested that this is evidence that the assessment of the subject at \$174.38 is excessive and not equitable.

[6] The average assessment of the comparables was \$159.77 per sq ft with a median assessment of \$158.81 per sq ft. The Complainant is requesting an assessment of \$155 per sq ft for a total assessment of \$4,110,000.

[7] 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...”

[8] 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.”....

Position of the Respondent

[9] The Respondent advised the Board that the assessment of the subject property was prepared using the direct sales comparison approach within the context of mass appraisal and that the assessment is correct.

[10] The seven most significant factors which affect value in the warehouse category in order of significance are, main floor area, site coverage, effective age, industrial group location, condition, main floor finished area, and upper finished area.

[11] The Respondent also stated that market value encompasses a range of values and that numerous sales are used to derive an assessment for all properties.

[12] The Respondent understood that the issue was equity, however provided six sales comparables (one sold twice) to show the Board that the subject is correctly assessed at market value. The comparables were from three different Industrial groups with four of the six properties requiring a downward adjustment. The sale dates of the properties ranged from February 2008 to March 2013. The lot sizes ranged from 90,417 to 166,223 sq ft with site coverage ranging from 21% to 39%. All of the comparables had varying amounts of office finish. The time adjusted selling price (TASP) of total building area ranged from \$171.00 to \$221.79 per sq ft.

[13] The Respondent also provided five equity comparables in support of the assessment. All equity comparables including the subject were from Industrial group 17. The effective ages

ranged from 2000 to 2011 and all are in average condition. The lot sizes ranged from 65,675 to 117,510 sq ft and the site coverage ranged from 20% to 48%. The building sizes ranged from 23,624 to 31,214 sq ft and all comparables had some office finish except one. The assessments ranged from \$164.76 to \$177.55 per sq ft.

[14] The Respondent advised the Board that the last equity comparable provided by the Complainant assessed at \$137.93 per sq ft assessed was using the cost approach. It is essentially a storage garage and therefore not comparable to the subject.

[15] The Respondent respectfully requested the Board confirm the 2014 assessment of the subject at \$4,624,000.

Decision

[16] The Board reduces the assessment to \$4,375,000.

Reasons for the Decision

[17] The Board examined the equity comparables provided by the Complainant and determined the following:

- Comparable #6, although located adjacent to the subject, was not considered as it was primarily a storage facility and assessed on the cost approach.
- Comparable #3 assessed at \$188.16/sq ft although similar to the subject appeared to be an outlier on the upper end and therefore was given less weight.
- Comparables #1, 2 and 5, very similar to the subject, suggested that the assessment of the subject may be excessive and not equitable.

The Board determined that onus was met and proceeded to examine the evidence provided by the Respondent.

[18] The Board reviewed the Respondent's sales comparables and noted that they all were located in a different location of the City: Core South (18) and not in Core Northwest (17) as the subject. Significant adjustments needed to be made to comparables #1 and 5 as they were much older than the subject. Three of the sales needed to be adjusted for lower site coverage. Since the Respondent did not provide adjustment amounts or percentages, the Board found it difficult to ascertain comparability and therefore found these comparables less reliable.

[19] The Board considered the Respondent's equity comparables. Two comparables needed adjustments for site coverage; #1 required an upward adjustment, #5 needed a downward adjustment. Taking those minor adjustments into account, all equity comparables suggest that the subject's assessment is too high.

[20] In summary, the Board was most persuaded by the equity comparables provided by both parties: Complainant's #1, 2, and 5 as well as all of the Respondent's properties, particularly #2, 3 (same as Complainant's #1) and 4.

[21] The Board notes the Complainant requested a reduction in the assessment to \$155.00/sq ft. The Board finds the evidence does not support \$155.00. The Board was however satisfied that the equity evidence of both parties supported a reduction of the subject's property assessment to \$165.00/sq ft and reduces the assessment accordingly.

Dissenting Opinion

[22] There was no dissenting opinion.

Heard June 25, 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

Cherie Skolney, Assessor
Jason Baldwin, 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 (39 pages)

R-1 – Respondent’s Brief (46 pages)