

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2014 ECARB 00648**

**Assessment Roll Number:** 10018917

**Municipal Address:** 17204 107 AVENUE NW

**Assessment Year:** 2014

**Assessment Type:** Annual New

**Assessment Amount:** \$8,723,500

Between:

**Lake City Business Park Ltd represented by Altus Group**

Complainant

and

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

Respondent

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### **DECISION OF**

**Petra Hagemann, Presiding Officer**

**Brian Frost, Board Member**

**Darryl Menzak, Board Member**

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### **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 warehouse built in 1978 located at 17204-107 Ave in the McNamara Industrial subdivision of the City of Edmonton. There are two very similar buildings on site and they have a total gross building area of 77,416 square feet (sq ft) with 26,616 sq ft of finished office space on the main floor and 2,728 sq ft on the upper floor. The building site is 174,075 sq ft with 42.9% site coverage. The 2014 assessment was prepared using the direct sales comparison approach in the amount of \$8,723,500.

### **Issues**

[3] Is the assessment of the subject in excess of market value when compared to sales of similar properties?

[4] Is the assessment of the subject equitable when compared to the assessments of similar properties?

## **Position of the Complainant**

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

[2] The Complainant submitted six sales, similar to the subject in location, age and size, ranging in time adjusted sale prices from \$71.88 to \$98.85/sq ft. The time adjustments (TASP) had been further adjusted for: sale #2 which was adjusted due to a missing sprinkler system at the time of sale. The \$500,000 cost was incorporated into the time adjusted sale price. The Complainant noted that this property is also located on a major road similar to the subject. Sale #4 received a 10% upward adjustment for its irregular lot shape.

[3] The Complainant explained to the Board that comparables #1 and #6 have lease rates in place at the low end of the market, also the case for the subject. This was illustrated by September 2012 lease rates for the subject and supported by third party market reports Q2 2013 from Avison Young and Colliers and Q1 from Cushman & Wakefield.

[4] The Complainant suggested that these six sales with an average TASP of \$84.78/sq ft is evidence that the subject's assessment at \$112.68/sq ft is above market value.

[5] The Complainant presented six equity comparables for the Board's consideration. All of these were similar to the subject in that they were located on a major road, similar in year of construction, site area, site coverage, leasable building area and ranged in assessments from \$100.86 to \$118.17/sq ft. It was noted that the property on St. Albert Trail had been given a 5% adjustment by the Complainant for its irregular shape to make it more comparable to the subject. The Complainant noted that these assessments are evidence that the subject is not assessed equitably.

[6] The Complainant advised the Board that he is aware that each year's assessment is independent however he included last year's decision where the 2013 assessment of the subject had been granted a reduction based on the same equity comparables used in this appeal.

[7] In argument when questioned about the comparability of a single building property to the two building subject property, the Complainant suggested that a purchaser would only look at the amount of space needed regardless of the number of buildings that would constitute this space.

[8] 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...”

[9] 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.”....

[10] In summary the Complainant mentioned that he is aware that there is a range in assessments as comparables are seldom identical. He noted however that the range in ages, lot size, total building areas and time adjusted sale prices is much tighter in the Complainant's evidence than in the properties presented by the Respondent and therefore they are better comparables.

[11] Based on the evidence of sales and equity comparables provided, the Complainant requested the Board reduce the 2014 assessment of the subject property from \$8,723,500 to the lower of market value or equity being \$95.00/sq ft or \$7,354,500.

### **Position of the Respondent**

[12] The Respondent submitted their brief and argument in support of the assessment of the subject property.

[13] The Respondent directed the Board to the section in their brief outlining mass appraisal v. 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 provided six comparable sales in support of the assessment of the subject. These comparables however inferior in location to the subject were all multiple building properties, similar in effective age and ranging in time adjusted sale prices from \$100.72 to \$149.34. The Respondent indicated that the first sale needed an upward adjustment for industrial group and the remaining required downward adjustments for site coverage. All in all they supported the assessment of the subject at \$112.68/sq ft.

[16] The Respondent noted that the Complainant's comparable sales should be given less weight as they were all single building properties. The Respondent directed the Board as to why multiple building properties may result in a higher value than single building properties, noting that the cost of construction may be higher, income generated from smaller bay sizes are typically higher etc. Therefore the best comparable sales in this case are multi building properties.

[17] Further the Respondent suggested that the Complainant's comparables #1, 4, 5 and 6 needed upward adjustments for their inferior location to bring them closer in time adjusted value to the subject.

[18] The Respondent submitted six similar equity comparables of multi building properties in the same neighbourhood area as the subject, suggesting the assessment of the subject is equitable.

[19] In argument the Respondent criticized the Complainant's reference to the below market rents of the subject and reminded the Board that as 66% are owner occupied, the City of Edmonton assesses all industrial properties on the sale comparison approach rather than the income approach. To draw a fair comparison when using the income approach, all properties must be valued using similar criteria and typical rental rates. The Respondent asked the Board not to place any weight on the income approach suggested by the Complainant.

[20] In summary, the Respondent suggested that both their sales and equity comparables is strong evidence that the subject's assessment is correct, fair and equitable and that it should be confirmed.

### **Decision**

[21] The Board confirms the assessment at \$8,723,500.

### **Reasons for the Decision**

[22] The Board examined the Complainant's sales comparables. Only sale #2 was located on a major road similar to the subject and all were single building properties v. the two buildings located on the subject site. The Board accepts the Respondent's premise that multi building properties are assessed at a higher rate than single building properties.. As no adjustments were provided, the Board found it difficult to establish similarities to the subject and therefore placed little weight on the Complainant's comparable sales.

[23] The Board reviewed the equity comparables provided by the Complainant which on the surface tended to support a reduction. However on closer examination, the Board noted that #1, 4, 5 and 6 were only single building properties, which would require upward adjustment. The properties located 11448-149 St and 16411-118 Ave (#2 and #3) were most comparable to the subject as they have multiple buildings on site. They are assessed at \$102 and \$118/sq ft respectively and support the assessment of the subject at \$112/sq ft.

[24] The Board considered the Complainant's comments that the CARB had reduced the 2013 assessment, however since this Board was not privy to all the evidence pertaining to last year's case, did not place weight on this evidence.

[25] The Board reviewed the Respondent's sales comparables. Although they were multi building properties and similar to the subject in that respect, they differed in lot and building sizes and were inferior in location; therefore not persuasive.

[26] The Board examined the equity comparables provided by the Respondent and found that all needed significant adjustments as several were dissimilar in age, lot size and main floor finished areas. The Board was also not persuaded by this evidence.

[27] In conclusion, the Board found that neither party provided sufficiently compelling evidence with regard to the correctness of the assessment.

[28] Therefore, the Board confirms the 2014 assessment of the subject.

**Dissenting Opinion**

[29] There was no dissenting decision.

Heard June 25, 2014.

Dated this 7<sup>th</sup> 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 (74 pages)

R-1 – Respondent’s Brief (52 pages)