

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-000651

Assessment Roll Number: 3639002

Municipal Address: 9633 101A AVENUE NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Dean Sanduga, Presiding Officer

George Zaharia, Board Member

Howard Worrell, 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] File number 3092228 was an initial roll number heard by the Board on September 5, 2012 and evidence and argument were to be carried forward where applicable. As well, the parties requested carry forward of evidence and argument from file number 3638509 heard September 6, 2012.

Background

[3] The subject property is an unpaved parking lot located in the Boyle Street neighbourhood with a municipal address of 9633 101 A Avenue Jasper Avenue NW. The subject property is an interior lot 4,897 square feet in size zoned DC1 with an effective zoning of CB2.

[4] The subject property has been assessed using the cost approach to value resulting in a 2012 assessment of \$324,500 or \$66.26 per square foot.

Issue(s)

[5] Is the 2012 assessment of the subject property too high based on the sales of similar properties?

Legislation

[6] The Municipal Government Act reads:

Municipal Government Act, RSA 2000, c M-26

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 a 48-page brief marked as exhibit C-1, arguing that the 2012 assessment of the subject property at \$324,500 or \$66.31 per square foot was excessive. His position was that sales of similar properties indicated a value of \$55.00 per square foot (Exhibit C-1, page 8).

[8] In support of this position, the Complainant submitted fourteen sales comparables of similar properties located in McCauley, Boyle Street, and Central McDougall neighborhoods. The sales occurred between June 13, 2006 and July 31, 2009 selling for time-adjusted sales prices ranging from \$37.18 to \$98.30 per square foot. The comparable properties ranged in size from 4,950 to 46,311 square feet and were zoned CB1, CB2, DC1, and CNC (Exhibit C-1, page 8).

[9] The median value of these fourteen sales comparables was \$52.87 per square foot, forming the basis of the requested \$55.00 per square foot value to be applied to the subject property. It was the position of the Complainant that the median rather than the average of the comparable sales was a better representation of value since it excluded outliers.

[10] In the brief, the Complainant stated that “The adjustments indicate a downward trend in property values for 2011” (Exhibit C-1, page 8).

[11] The Complainant submitted a 20-page rebuttal document challenging the appropriateness of one of the Respondent’s three sales comparables. Following is an outline of the Complainant’s concern with this sale (Exhibit C-2, page 6):

- i. Sale #1 at 10630 98 Street NW was not an at arm’s length sale in that it was sold to the pre-existing joint tenants.

[12] Having accepted the Respondent’s sales comparables #’s 2 and 3, the Complainant added these sales to his list of fourteen sales comparables. As well, he added the sale at 10630 98 Street NW that he had suggested should be discarded. The resulting median of these seventeen sales comparables (the original fourteen Complainant sales plus the three Respondent sale) was \$59.54 per square foot (Exhibit C-2, page 8).

[13] During the last word, the Complainant called the assertion that onus had not been met “absurd”, stating that fourteen sales comparables had been presented that clearly showed the trend for properties like the subject to be \$55.00 per square foot. As well, the Complainant stated that when dealing with small properties such as the subject and the comparables, economies of scale do not exist.

[14] In conclusion, the Complainant requested the Board to reduce the 2012 assessment of the subject property from \$324,500 to \$269,000 based on \$55.00 per square foot.

Position of the Respondent

[15] The Respondent presented a 27-page assessment brief (Exhibit R-1) and a 44-page Law and Legislation document (Exhibit R-2) arguing that the current assessment of \$324,500 is fair and equitable when compared to sales of similar properties.

[16] In support of this position, the Respondent submitted three sales comparables located in the McCauley and Boyle Street neighborhoods. The sales occurred between April 30, 2008 and April 1, 2010, selling for time-adjusted sale prices ranging from \$65.17 to \$68.60 per square foot, resulting in an average of \$66.72 per square foot, supporting the \$66.26 per square foot assessment of the subject property. The comparable properties ranged in size from 3,894 to 6,087 square feet and were zoned CB2 or DC1 (Exhibit R-1, page 9).

[17] The Respondent also submitted three equity comparables of CB2 zoned interior lots located in the Boyle neighborhood. The equity comparables were similar in size to the subject and were assessed from \$67.43 to \$67.45 per square foot, resulting in an average of \$67.44 supporting the \$66.26 per square foot assessment of the subject property (Exhibit R-1, page 9).

[18] In summary, the Respondent:

- i. suggested that the Complainant had failed to meet onus - to prove that the assessment was incorrect,

- ii. stated that one half of the Complainant's sales comparables would have to be adjusted upwards because of economies of scale, as these sales comparables were considerably larger than the subject, and
- iii. dismissed the Complainant's position that one of the sales comparables was invalid sales, stating that all sales are reviewed and validated, and that there was no proof that bonuses were paid as a result of consolidation of properties as was alleged by the Complainant.

[19] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at \$324,500.

Decision

[20] The decision of the Board is to confirm the 2012 assessment of the subject property at \$324,500.

Reasons for the Decision

[21] The Board placed less weight on the Complainant's sales comparables because of the size discrepancies in comparison to the subject, sales that were quite dated, the comparables were spread over a fairly large geographic area, and there was a significant variation between the high and low prices.

[22] In the rebuttal document, the Complainant stated that he had no issue with two of the Respondent's three sales comparables, those being sales #'s 2 and 3.

- i. Respondent's sale #2 at 10567 101 Street NW was the same as the Complainant's sale #10 which sold for a time-adjusted sale price of \$68.60 per square foot.
- ii. Respondent's sale #3 at 9645 103 Avenue NW that sold for a time-adjusted sale price of \$66.40 per square foot.

[23] The Complainant wanted the Respondent's sales comparables # 1 to be discarded, stating that it should not be used in the sales analysis. Following is a summary of the Board's findings regarding this sale:

- i. The Board did not accept the Complainant's position that the Respondent's sales comparable #1 located at 10630 98 Street NW was a non-arms length sale and therefore invalid. This property sold April 1, 2010, closest to the valuation date, is similar in size at 3,894 square feet, and is located six blocks away from the subject. It sold for a time-adjusted sale price of \$65.17 per square foot which is 1.6% lower than the subject's \$66.26 per square foot original assessment, within the threshold of the +/- 5% quality standard as identified in section 10 of the *Matters Relating to Assessment and Taxation Regulation*.

[24] The Board found some of the Complainant's positions/responses to be contradictory. In responses to questions, the Complainant answered that size of the property does have an impact on the sale price, and that the time-adjusted sale price of the larger 46,311 square foot site compared to the subject's 4,897 square feet would need an upward adjustment. However, in his

last word, the Complainant stated that when dealing with lots this small, economies of scale do not exist.

[25] In addressing time adjustment factors, although the Complainant argued that “The adjustments indicate a downward trend in property values for 2011”, the time-adjustment factors included in Exhibit C-1 showed a slow but continuous rise in values from a factor of 0.96550 at January, 2011 to a factor of 1.00000 at July, 2011.

[26] The Board noted that four of the Complainant’s fourteen sales were similar in size to the subject’s 4,897 square feet. These properties ranged in size from 4,950 to 6,600 square feet. These properties sold for an average time-adjusted sales price of \$70.40 per square foot which supports the \$66.26 per square foot assessment of the subject property.

[27] The Board was not persuaded by the Respondent’s argument that the Complainant had not met onus. Although the Board did not feel the Complainant’s position justified a reduction in the assessment, the Board does acknowledge that the Complainant provided fourteen sales comparables that had to be analyzed in order to arrive at its decision.

[28] The Board placed greatest weight on the Respondent’s sales comparables because the sizes better reflected the subject, and the price range was much tighter. The average of the three sales comparables at \$66.72 supported the \$66.26 assessment of the subject property. Even the median of these three sales at \$66.40 is nearly identical to the subject’s \$66.26 per square foot assessment.

[29] Although the Complainant was arguing market value only, the Respondent was able to support the subject’s assessment on an equity basis. The Board also placed considerable weight on the three equity comparables provided by the Respondent since they were all very close in size, located in the same neighbourhood, were interior lots, were zoned the same, and at an average assessment of \$67.44 per square foot supported the assessment of the subject’s \$66.26 per square foot.

[30] The Board was persuaded that the 2012 assessment of the subject property at \$324,500 is fair and equitable.

Dissenting Opinion

[31] There was no dissenting opinion.

Heard commencing September 6, 2012.

Dated this 27th day of September, 2012, at the City of Edmonton, Alberta.

Dean Sanduga, Presiding Officer

Appearances:

Chris Buchanan
for the Complainant

Jerry Sumka
for the Respondent