

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-000973

Assessment Roll Number: 3638509

Municipal Address: 9601 JASPER 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.

Background

[3] The subject property is an unpaved corner parking lot located on Jasper Avenue in the Boyle Street neighbourhood. The subject lot is 4,938 square feet in size, zoned DC1 with effective zoning of CB2.

[4] The subject property has been assessed using the cost approach to value resulting in a 2012 assessment of \$367,000 or \$74.32 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 \$367,000 or \$74.42 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 April 1, 2010 selling for time-adjusted sales prices ranging from \$37.18 to \$98.30 per square foot. The comparable properties ranged in size from 3,894 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 \$54.43 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] In questioning the Respondent, the Complainant suggested that there should have been an improvement value attributed to the house that was located on sale # 3 at 10886 98 Street NW. In Exhibit C-1, page 36, the Complainant included a third party report, and under comments, it was stated that “lots 10 & 11 have houses of minor value”.

[12] In response to a question by the Respondent, the Complainant identified his sales #'s 2, 4, 6, 8, 9, and 14 as being corner lots.

[13] During the last word, the Complainant called the assertion that onus had not been met "absurd", stating that fifteen 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 \$367,000 to \$271,500 based on \$55.00 per square foot.

Position of the Respondent

[15] The Respondent presented a 23-page assessment brief (Exhibit R-1) and a 44-page Law and Legislation document (Exhibit R-2) arguing that the current assessment of \$367,000 is fair and equitable when compared to sales of similar properties.

[16] In support of this position, the Respondent submitted three sales comparables of corner lots located in the McCauley and Boyle Street neighborhoods. The sales occurred between April 11, 2007 and July 29, 2007, selling for time-adjusted sale prices ranging from \$72.12 to \$80.68 per square foot, resulting in an average of \$75.78 per square foot, supporting the \$74.32 per square foot assessment of the subject property. The comparable properties ranged in size from 4,839 to 9,529 square feet and were zoned CB2 or DC1 (Exhibit R-1, page 9).

[17] The Respondent orally advised the Board that corner lots are assessed 6% higher than interior lots.

[18] The Respondent orally advised the Board that no equity comparables were provided since there are no other vacant lots in the area.

[19] In response to the Complainant's question, the Respondent answered that with regards to the Respondent's sale # 3, the City deemed the property to be vacant land, and that the sale was deemed to be a valid sale.

[20] 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

[21] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at \$367,000.

Decision

[22] The decision of the Board is to confirm the 2012 assessment at \$367,000

Reasons for the Decision

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

[24] The Complainant identified six of his sales comparables as being corner lots as is the subject. The median time-adjusted sale price of these six properties is \$57.92 per square foot or an average of \$58.68 per square foot.

[25] The Board noted that of the six sales comparables identified by the Complainant as being corner lots, the two properties located either close to Jasper Avenue, or on 101 Street are valued higher than properties not located on either of these roadways. It is interesting to note, that the Complainant's sales comparable # 4 located at 10165 96 Street, only one block from the subject, sold for a time-adjusted sale price of \$70.46 per square foot or 5.2% less than the subject's assessment which is just at the threshold of the +/- 5% quality standard as identified in section 10 of the *Matters Relating to Assessment and Taxation Regulation*.

[26] The Board found no issue with sales comparable #'s 1 and 2 utilized by the Respondent that the Complainant questioned. The Board could not find any evidence to support the Complainant's assertion that this sale was suspect. Upon review of the third party information provided by the Respondent, the Board acknowledges that the sale is part of a multi-purchase transaction that occurred on the same day, but it is noted that the one purchaser purchased the two properties from two different vendors for two different rates per square foot, implying to the Board that the two vendors sold their property at market value.

[27] The Board did not take into consideration the Respondent's sale # 3, and the Complainant's sale # 12, which are common, since there are discrepancies between the third party reports presented by the Complainant as to the size of the property and the sale price per unit. For example both reports show a sale of July 24, 2008 but one report shows a sale price of \$77.74 per square foot while the other report shows the sale price at \$182.51 per square foot. As well, although the reports indicate that houses were on two of the lots at the time of sale, there was no evidence in front of the Board whether there were any improvements on the lots at the sale date.

[28] The Board found some of the Complainant's positions/responses to be contradictory. In responses to questions on the value of property size, 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 4,938 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.

[29] In addressing time adjustment factors, although the Complainant argued that "The time 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.

[30] 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.

[31] The Board placed some weight on the Respondent's sales comparables #'s 1 and 2 because the sizes better reflected the subject, and their location on 101 Street supported the higher values per square foot identified in the Complainant's sales comparables (see paragraph 24). The average of these two sales comparables at \$76.40 supported the \$72.32 per square foot assessment of the subject property.

[32] The subject being on Jasper Avenue, the Board is persuaded that the assessment of \$74.32 per square foot or \$367,000 is fair and equitable.

Dissenting Opinion

[33] 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