

Edmonton Composite Assessment Review Board (The Board)

Citation: Altus Group v The City of Edmonton, ECARB 2012-001256

Assessment Roll Number: 9940102

Municipal Address: 13804 127 STREET NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Altus Group for Bubbles International Car Wash Corporation

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
John Noonan, Presiding Officer
Brian Hetherington, Board Member
James Wall, Board Member

Preliminary Matters

[1] The parties representing the Complainant and the Respondent expressed no objection to the Board members and the Board members expressed no bias on the subject of the hearing.

Background

[2] The subject property is a Bubbles Car Wash, located at 13804 127 Street in the Pembina neighbourhood of North Edmonton. The business occupies 5,690 square feet (sq. ft.) of a 31,645 sq. ft. lot in the Skyview Shopping Centre. It is one block north of the 137 Avenue main thoroughfare, which houses a series of shopping centres, and is zoned DC2. The 2012 assessment was prepared by the cost approach with the improvement valued at \$370,477 and not at issue. The land value of \$1,237,409 prior to rounding was established by direct sales comparison.

Issue(s)

[3] The Complainant presented a series of 7 issues in evidence disclosure, but agreed at the hearing that the sole issue would be land value:

Is the subject land assessment excessive in comparison to sales and equity comparables?

Legislation

[4] 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

[5] The Complainant presented the Board with a chart of eight sales of commercial land in North Edmonton, which had been concluded between March, 2006 and March, 2010. The site areas ranged from 37,026 sq. ft. to 65,340 sq. ft., compared to the subject property’s site of 31,645 sq. ft. The time-adjusted sale prices ranged from \$11.78 to \$18.93 per sq. ft., with a median value of \$14.07 which supported the Complainant’s request for a land value of \$14.00 per sq. ft., or \$443,035. Adding the improvement value produced the requested assessment of \$813,500.

[6] In questions, the Complainant said that of the eight sales in the chart, sale #2 at 14203 127 Street, was located a short distance north of the subject on a corner lot and was the best comparable.

[7] The Complainant also presented two equity comparables, both of which were also sales comparables. The two properties were, again, 14203 127 Street and 12815 Cumberland Road, both a short distance north of the subject. Their land assessments per sq. ft. were \$17.64 and \$16.03, both higher than their time-adjusted selling prices by 40.7% and 14.3% respectively, indicating that land assessments in the area were too high. These equity comparables produced an average of \$16.84 per sq.ft., and an average assessment to sales ratio of 128%. Valuing the land at \$16.50 per sq.ft. plus the improvement at \$370,478 would produce an equitable assessment of \$892,626.

[8] The City of Edmonton’s time-adjustment factors chart was presented to the Board, to illustrate how the Complainant had calculated the time-adjustment factors for his comparable sales.

[9] The Complainant presented the Board with a rationale for his use of median values (C-1, page 35) in his calculations of comparable properties. In subsequent questions by the Respondent, he acknowledged that this definition had been acquired by a Google search, and the

source had not been identified. Several excerpts from an appraisal text and the Alberta Assessors' Association Valuation Guide referenced examples of use of the median value.

[10] In closing, the Complainant requested the Board reduce the land assessment to \$443,035 and the total assessment to \$813,500.

Position of the Respondent

[11] The Respondent provided the Board with a 103-page assessment brief (R-1), which included sections on mass appraisal and law and legislation. The brief contained photographs, maps, a detailed cost analysis, a chart and details of the Complainant's eight land sales rebuttal, a chart of City land sales comparables (R-1, pp 19-26), and a chart of equity comparables (R-1, p48).

[12] The Respondent confirmed the subject property had been assessed on the basis of depreciated cost, the same as all other city car wash operations. The subject property's 2012 assessment for the improvements is \$370,477 plus the land component at \$39.10 per sq. ft.

[13] The Respondent's rebuttal of the Complainant's land sales comparables consisted of comments which questioned the comparable validity of the locations. The Respondent was of the opinion that all of these locations were inferior to the subject.

[14] The Respondent provided seven land sales comparables dated between April 2007 and November, 2009 (R-1, p 19) in support of the land assessment. The time-adjusted sales prices ranged from \$37.18 per sq. ft. to \$52.15 per sq. ft., indicating a median of \$47.01 and an average of \$47.30 per sq. ft. The sales comparables represent a mix of commercial zonings (CB1, CB2, CHY and CNC). Sizes ranged from 4,350 sq. ft. to 145,496 sq. ft.; the subject land area is 31,645 sq. ft.

[15] The Respondent's equity comparables (R-1, p 48) were internal assessment department calculations of the land valuations of six commercial properties in the immediate vicinity of the subject. These calculations were not the basis for those other six assessments, but rather a check to see that the assessments, prepared by means other than the cost approach, did not fall below the land value alone. The average land rate of five of the six comparables was \$39.43 compared to the subject's \$39.10 per sq.ft.

[16] The Respondent stressed that the subject property, although not located on a major traffic artery, benefits from the commercial activity of surrounding properties, particularly those with exposure to 137 Avenue. The City applies a premium factor to the land values within one block of 137 Avenue, including the subject property.

[17] The Respondent requested the Board confirm the assessment at \$1,607,500.

Rebuttal by Complainant

[20] The Complainant presented the Board with a 15-page rebuttal (C-2), to challenge the validity of some of the Respondent's claims.

[21] The Complainant specified the Respondent's Land Sales Comparable chart (C-1, p 19) and told the Board that sale # 1 was a two-storey house converted to an office, and not a land sale; sale # 2 was part of a larger purchase; sale # 3 at \$37.18 per sq. ft. was assessed at \$20.49;

sale # 4 was a superior location on a corner lot; sale # 5 was an extremely small lot in a residential area; with two houses and two separate titles, sale # 6 was extremely small and in a far superior area just off Whyte Avenue; sale #7 was part of a larger purchase on Whyte Avenue and a far superior location than the subject.

[22] The rebuttal document also contained a chart (C-1, p 12) analyzing details of the Respondent's sales comparables, including additional details of the multi-property sales.

[23] The document also contained a chart (C-1, p 13) of the six equity comparables presented by the Respondent, businesses located in close proximity to the subject. The chart showed land assessments per sq. ft. ranging from \$14.39 to \$43.54, claiming that the land values were "fictitious and arbitrary". Subtracting the Respondent's land value from the assessment, the Complainant derived a remaining "improvement assessment" for four of these comparables. These improvement assessments per sq.ft. yielded results of \$24.85, \$29.39, \$43.36 and \$232.49. The Complainant's point was that an improvement such as a restaurant or lube shop could not possibly be valued as low as \$43 or \$24.85 per sq.ft., demonstrating the arbitrary nature of the land value as advanced by the Respondent.

Decision

[24] The Board confirms the 2012 assessment at **\$1,607,500.**

Reasons for the Decision

[25] The Board finds that the comparables presented by the Complainant were not directly comparable, in that they were not located in a major shopping centre along the key city thoroughfare of 137 Avenue.

[26] The Board finds that the Complainant's two comparables which are in closest proximity are on 142 Avenue or its western extension, Cumberland Road. These properties are sufficiently removed from the 137 Avenue corridor that they could not be considered to enjoy the same advantage as the subject of being part of a major shopping centre. The same observation would apply to the other comparables advanced by the Complainant.

[27] The Respondent's list of seven land sales comparables included one location, which compared most closely with the subject, it being on 137 Avenue and 66 Street, a major North-South artery, like 127 Street. The Board found this property to be the best comparable of all those presented. The time-adjusted sale price of this property was \$52.15 per sq. ft. which exceeds the subject's land assessment of \$39.10 by almost 34%. Given that this property is a corner lot would justify a higher value than the subject.

[28] The equity comparables submitted by the Respondent, the land values of neighbouring properties generated for internal use, were of little benefit to the Board. Although these land values of parcels closer in size to the subject appeared to support the assessment, the land values for lots in excess of 200,000 sq.ft. displayed a very wide range: two in the \$33-\$36 area but a third at \$14.39 per sq.ft. The Board did not dwell on this discrepancy, basing the decision on the sales evidence.

Heard September 6, 2012.

Dated this 3rd day of October, 2012, at the City of Edmonton, Alberta.

John Noonan, Presiding Officer

Appearances:

John Trelford

for the Complainant

Frank Wong

Tanya Smith

for the Respondent