

NOTICE OF DECISION NO. 0098 162/12

Altus Group
780-10180 101 St NW
Edmonton, AB T5J 3S4

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on August 20, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
9989352	15035 114 Avenue NW	Plan: 0122850 Unit: 3	\$1,717,000	Annual New	2012

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.

cc: SHAMROCK PROPERTY MANAGEMENT LIMITED

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 986

Assessment Roll Number: 9989352

Municipal Address: 15035 114 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

Peter Irwin, Presiding Officer

John Braim, Board Member

Brian Carbol, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the composition of the Board. In addition, the Board members indicated that they had no bias in this matter.

Background

[2] The subject property, located in the High Park Industrial neighbourhood in northwest Edmonton at 15035 114 Avenue NW, is assessed as a warehouse condominium. The building comprises 13,003 square feet (sq ft) and is situated on a 54,212 sq ft lot with site coverage of 24%. The building has an effective age of 1979 and is comprised of a warehouse (56% of the total area) as well as office and showroom space. The subject property was assessed on the direct sales comparison approach.

Issue(s)

[3] Is the 2012 assessment of the subject property at \$1,717,000 correct?

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 evidence (C-1) and argument for the Board’s review and consideration.

[6] The Complainant submitted that the subject property is located on an interior lot on 114 Avenue, which is not a major roadway. He stated that bare land condominiums operate similarly to fee simple properties.

[7] The Complainant submitted an income approach market proforma (C-1, page 8) that applied a \$6.75 per sq ft market lease rate, a 3% vacancy allowance, a 2% structural allowance and a 7.25% market cap rate. With the inclusion of an excess land adjustment of \$205,243, this produces a value of \$1,356,000.

[8] The Complainant also provided lease comparables, none of which had direct access from a major road (C-1, pages 15-16). These lease comparables showed rental rates ranging from \$5.40 to \$7.50 per sq ft with an average of \$6.72 per sq ft.

[9] In addition, the Complainant presented a Colliers International market report that showed average vacancy rates for various areas in Edmonton (C-1, pages 17-18), specifically Northwest Edmonton at 4.42% and Edmonton proper at 3.62%. A market report from CB Richard Ellis was also included that showed average vacancy and rental rates (C-1, pages 21-22), including vacancies of 2.8% for Northwest Edmonton and 3.5% for the City total. In view of these reports, the Complainant argued that it would be reasonable to apply a 3% vacancy rate to the subject property.

[10] The Complainant also presented an Avison Young report that showed a 4.1% vacancy rate for similar properties located in Northwest Edmonton (C-1, page 24) and a Colliers cap rate report as well as 2010 and 2011 market overviews (C-1, pages 31-36).

[11] The Complainant presented sales comparables with time-adjusted sale prices ranging from \$63.90 to \$113.01 per sq ft with an average of \$94.21 per sq ft (C-1, page 9). In view of these comparables, the Complainant requested an assessment of \$100.00 per sq ft be applied to the subject, which produces a value of \$1,300,000.

[12] The Complainant also presented assessment comparables ranging from \$100.02 to \$110.91 per sq ft with an average of \$107.27 per sq ft (C-1, page 10). In view of these equity comparables, the Complainant stated that an assessment of \$109.00 per sq ft could reasonably be applied to the subject, which produces a value of \$1,417,327.

[13] When questioned about whether the subject property is truly comparable to the warehouses he presented, the Complainant stated that the subject functions like a warehouse.

[14] Based on the above comparables and related evidence, the Complainant requested the 2012 assessment be reduced to \$1,300,000.

Position of the Respondent

[15] The Respondent presented evidence (R-1) and argument for the Board's review and consideration.

[16] The Respondent emphasized that the City uses only warehouse condominium sales as opposed to non-condominium warehouses in the mass appraisal of properties in this group (R-1, page 50).

[17] The Respondent stated that the subject is not a typical warehouse. It is assessed as a warehouse condominium and also features a setback (R-1, page 15) that is counted as common property.

[18] The Respondent stated that the owners of each of the units located on the same plot of land as the subject property have a shared interest in the excess land that is present on the lot.

[19] The Respondent presented sales comparables that ranged in time adjusted sales price from \$99.50 to \$160.12 per sq ft with an average of \$123.50 per sq ft (R-1, page 20). The Respondent stated that these comparables are located on major roadways.

[20] The Respondent also presented assessment comparables that ranged from \$129.78 to \$159.55 per sq ft with an average of \$143.18 (R-1, page 20). All of these comparables were warehouses, and no condominium units were included in this list.

[21] When questioned about the proximity of the subject to a major roadway, the Respondent stated that it is the shared lot that faces 149 Street, not necessarily the subject property itself.

[22] In summary, the Respondent requested that the Board confirm the subject property assessment at \$1,717,000.

Decision

[23] The Board reduces the 2012 assessment of the subject property to \$1,300,000.

Reasons for the Decision

[24] The Board agrees with the argument of the Complainant that, since the subject property functions as a warehouse, it should be assessed as a warehouse. The Board finds that the subject property comprises 56% warehouse space.

[25] The Board rejects the Respondent's argument that a common strip of land bordering the roadways adjacent to the subject property and the other units in this condominium causes the subject to front 149 Street, which is a major roadway. The Board notes that the setback strip of land common to all the properties in this complex is 19.5 inches wide. While it is held commonly, it offers no exposure to the subject property, which is actually located on 114 Avenue. The Board consequently gives little weight to the Respondent's equity comparables (R-1, page 35), all of which are located on major roadways.

[26] The Board also gives little weight to the Respondent's warehouse sales comparables (R-1, page 20) as they are all located on major roads while the subject is located on an interior location.

[27] The Board notes that the Respondent's condominium warehouse sales comparables are not bare land condominium warehouses.

[28] The Board considered the Respondent's condominium warehouse comparables (R-1, page 20) and placed less weight on comparables #2 and #3 as they are located in the Northeast and Southwest industrial districts whereas the subject is located in the Northwest industrial district. The Board also finds that comparables #1 and #4 tend to support the requested assessment of the subject property as they are located near the subject property, are of similar age or older and are of similar size.

[29] The Board gave consideration to the Complainant's sales and equity comparables, which are all located in the Northwest industrial district of the City of Edmonton.

[30] The Board gives some weight to the Complainant's equity comparables (C-1, page 10) because they are not located on major roads, have similar site coverage, are of similar age and size to the subject property and support a reduction in assessment of the subject property.

[31] The Board gives the most weight to the Complainant's sales comparables because they are not located on major roads, have similar site coverage, are of similar age and size to the subject property and also support a reduction in assessment to the subject property.

[32] The revised assessment of \$1,300,000 is reasonably supported by the Complainant's equity and sales comparables.

Dissenting Opinion

[33] There was no dissenting opinion.

Heard August 20, 2012.

Dated this 30th day of August, 2012, at the City of Edmonton, Alberta.

Peter Irwin, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Luis Delgado, Assessor, City of Edmonton
for the Respondent