

NOTICE OF DECISION NO. 0098 42/12

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 June 25, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8480097	4816 99 STREET NW	Plan: 4187RS Block: 1 Lot: 4	\$2,829,000	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: BARAMY INVESTMENTS LTD.

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 838

Assessment Roll Number: 8480097

Municipal Address: 4816 99 STREET NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Robert Mowbrey, Presiding Officer
Jasbeer Singh, Board Member
Mary Sheldon, Board Member

Preliminary Matters

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

[2] Witnesses giving testimony were either sworn in or affirmed, the choice being that of the individual witness.

Background

[3] The subject property is a single medium warehouse with a total area of 25,355 square feet. The total square footage is broken down, with 24,934 square feet on the main floor and 421 square feet on a finished mezzanine. The subject property was built in 1971, is in average condition and has a 2012 assessment of \$2,829,000.

Issue

[4] Is the assessment of the subject property in excess of its market value?

Legislation

[5] The *Municipal Government Act* reads:

Municipal Government Act, RSA 2000, c M-26

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

[6] The Complainant filed this complaint on the basis that the subject property assessment of \$2,829,000 is in excess of market value. In support of this position, the Complainant presented five sales comparables that have been time adjusted using the City of Edmonton's factors. The sales comparables were all medium warehouses of similar age and similar location. The gross building area ranged from 18,534 square feet to 38,868 square feet.

[7] The site coverage of the sales comparables ranged from 35% to 46%. In addition, the sales comparables ranged from \$74.61 to \$112.48 for the time adjusted selling price per square foot of lease building area. The average time adjusted selling price per square foot of total building leasable area is \$96.23 and the median time adjusted selling price per square foot of total building leasable area is \$99.49.

[8] The Complainant stated that due to the attributes of the subject such as age, size, location and site coverage, it has been determined that the indicated value for the subject property is \$100.00 per square foot.

[9] With respect to the sales comparables presented by the Respondent, during cross examination by the Complainant, the Respondent stated that sale comparable #2 (3120 93 St.) was 15 years newer than the subject and would affect value. In addition, sale #5 (4004 99 St.) was 13 years newer than the subject property and would affect value. (Exhibit R-1 page 16).

[10] Further during cross examination by the Complainant, the Respondent agreed that sale #3 (9333 37 Ave.) had cranes and that might affect value. (Exhibit R-1 page 19).

[11] During summation, the Complainant stated that all six sales comparables presented by the Respondent would need adjustments to make them comparable with the subject property.

[12] The Complainant asked the Board to reduce the 2012 assessment to \$2,535,000 based on the direct sales approach.

Position Of The Respondent

[13] The Respondent explained to the Board that the subject assessment and similar assessments were prepared using the direct comparison assessment methodology. (Exhibit R-1 pages 4-8).

[14] The Respondent stated that sales occurring from January 2008 through June 2011 were used in the model development and testing. Factors found to affect value in the warehouse inventory were the location of the property, the size of the lot, the age and condition of the buildings, the total floor of the main floor (per building), amount of finished area on the main floor as well as developed upper area (per building). (Exhibit R-1 page 7).

[15] The Respondent stated the most common unit of comparison for industrial properties is value per square foot of building area. When comparing properties on this basis, it is imperative that the site coverage be a key factor in the comparison. (Exhibit R-1 page 8).

[16] The Respondent defended the assessment using six sales comparables that ranged from \$109.55 to \$141.09 of the time adjusted selling price per square foot of total building area. (Exhibit R-1 page 16). The Respondent advised the Board that sale comparable #1 (7324 76 Ave.) and sale comparable #5 (4004 99 St.) were also used by the Complainant. The Respondent advised the Board that sale comparable at 7324 76 Ave. should be adjusted to reflect the fact that the cold storage building is in poor condition and has no value and the cold storage building was not considered in the sale of the property. Making the adjustment to the cold storage unit changes the site coverage from 46 % to 37%. In addition, adjusting for the cold storage building changes the time adjustment sale price per square foot of total building area from \$99.49, as indicated by the Complainant (Exhibit C-1, page 8) to \$122.27, as indicated by the Respondent. (Exhibit R-1 page 16).

[17] During cross examination of the Complainant, the Respondent advised the Board that the Complainant's sale #2 (3304 Parsons Rd.) was leased well below market value and the mezzanine is also leased below market value. (Exhibit C-1 page 18).

[18] During cross examination, the Respondent advised the Board that the Complainant's sale #4 (4130 99 St.) had partial roof replacement, which the purchaser would absorb, and thus the capitalization rate would be adjusted from 7.31% to 6.89%. (Exhibit C-1 page 24).

[19] The Respondent noted that only one sale comparable presented by the Respondent was on a major road, similar to the subject property.

[20] All the sales comparables presented by the Respondent were in average condition, similar to the subject property and the site coverage ranged from 28 to 45%.

[21] During summation, the Respondent requested the Board to confirm the 2012 assessment of \$2,829,000.

Decision

[22] The decision of the Board is to confirm the 2012 assessment of \$2,829,000.

Reasons For The Decision

[23] The Board reviewed both the Complainant's and Respondent's sale comparables and determined the Respondent's sale comparables were more compelling than the Complainant's sale comparables. The sales comparables presented by the Complainant did not indicate the condition of the buildings.

[24] The Board is of the opinion that there are significant difficulties with the sale comparables presented by the Complainant. The Complainant's #2 (3304 Parsons Road) sale comparable was leased well below typical, making the comparison to the subject property difficult. The Complainant's #4 (4130 99 St.) sale comparable had a partial roof replacement, which the Purchaser absorbed, making the comparison to the subject property difficult. In addition, the Complainant's sale #1 (7324 76 Ave.) had to be adjusted, due to the Complainant including the cold storage building, which had no value. This sale comparable was also utilized by the Respondent and deducting the cold storage building increased the tarp/sflba from \$99.49 to \$122.27, which supports the 2012 assessment.

[25] Sale comparable addresses (7324 76 Ave.) and (4004 99 St.) were used by both the Complainant and the Respondent. When 7624 76 Ave.NW is adjusted for size, the tarp/sf lba of \$122.27 supports the assessment. Sale comparable address 4004 99 St. reflects a tarp/sf lba of \$112.48 which supports the 2012 assessment.

[26] The Board notes the Respondent's median selling price per square foot of total building area is \$125.10, which supports the assessment.

[27] Jurisprudence has established that the onus of showing an assessment is incorrect rests with the Complainant. The Board is satisfied that the Complainant did not provide sufficient and compelling evidence for the Board to form an opinion as to the incorrectness of the assessment.

Dissenting Opinion

[28] There was no dissenting opinion.

Heard commencing June 25, 2012.

Dated this 4th day of July, 2012, at the City of Edmonton, Alberta.

Robert Mowbrey, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Mary-Alice Nagy, City of Edmonton
Tanya Smith, City of Edmonton
for the Respondent