

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 1054

Assessment Roll Number: 10093826
Municipal Address: 4424 55 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
Brian Carbol, Board Member
Mary Sheldon, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members indicated they had no bias in the matter before them.

Background

[2] The Subject property is a large warehouse located at 4424 55 Avenue in the Pylypow Industrial subdivision of Edmonton. It was constructed in 2010 on a 156,492 square foot lot. The building is 60,000 square feet and has a site coverage of 38%. The 2012 assessment of the subject is for \$8,287,000 and has been based on the direct sales approach to value.

Issue(s)

[3] Is the assessment of the subject property correct, fair and equitable?

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 filed this complaint on the basis that the 2012 assessment of the subject property was inequitable and in excess of market value. In support of this position, the Complainant presented a 36 page brief (Exhibit C-1). The Complainant also submitted a 29 page rebuttal (Exhibit C-2), in support of the argument that the Respondent’s sales comparables were not similar to the subject property. The Complainant has therefore asked the Board not to place any weight on the Respondent’s comparables.

[6] The Complainant stated that the subject property was a newly constructed building (March 2011) and that the 2012 assessment should be based on the cost approach. The Complainant further stated that when the cost of purchasing the land and the cost to construct the improvement were added together, the value produced was lower than the 2012 assessment.

[7] The Complainant advised the Board that the subject property was not at typical market value as of July 1, 2011, and the subject property would sell for what it cost to build.

[8] In support of its position, the Complainant submitted land sales comparables to the Board (C-1, page 8). These comparables indicated an average sales value of \$13.83 per square foot, which would produce a land value for the subject of \$2,061,966.

[9] The Complainant also submitted a cost of construction invoice indicating the cost to construct the subject property was \$4,620,169 (C-1, pages 9-14). The Complainant argued that the combined cost of construction and cost of land would amount to \$6,682,000. For this reason the Complainant requested the subject property’s 2012 assessment should be reduced to \$6,682,000.

[10] In the Complainant’s rebuttal (C-2, page 2), the Complainant asked the Board to place no weight on the Respondent’s sales and noted the following:

- Sale number 1: the property was occupied by Public Works Canada. As well, the purchaser had adjoining holdings in the area.

- Sale number 2: the property was anchored by the Federal Government under a long term lease.
- Sale number 3: the property had two crane ways with 20 ton and 30 ton cranes. The property also had a compressor storage building.
- Sale number 5: the property had a substantial number of cranes, 34 hoists, 480 volt and 1600 amp power, all of which may have been valuable to the purchaser and may have influenced the sale price. The vendor also leased back the property for 20 years with four year renewal options at a fixed rate.

[11] For these reasons the Complainant suggested the Respondent's sales comparables were atypical and could not be compared to the subject for assessment purposes.

[12] Based on the land value and cost of development of the subject, the Complainant requested a reduction of the 2012 assessment to \$6,682,000.

Position of the Respondent

[13] The Respondent stated that the current assessment of the subject was correct, fair and equitable. The Respondent also reminded the Board that the entire warehouse inventory in Edmonton was valued using the direct sales approach, as many warehouses are owner occupied and there is little income information available.

[14] The Respondent provided a chart of five sales of comparables (R-1, page 24). The Respondent advised the Board that all were similar to the subject. The time adjusted sale price per square foot of these properties ranged from \$111.51 to \$203.16, while the subject was assessed at \$138.12 per square foot.

[15] The Respondent also provided a chart of four equity comparables (R-1, page 29), and advised the Board that all these comparables were located in the southeast quadrant of Edmonton. The Respondent further stated these properties were of comparable age and size to the subject. The assessments per square foot of these comparables ranged from \$123.39 to \$132.18 per square foot. The Respondent argued that this evidence supported the assessment of the subject at \$138.12 per square foot.

[16] The Respondent submitted that the subject property construction was 100% completed and ready for occupancy in March 2011, which was well before the July 1, 2011 evaluation date. The Respondent also stated the 2012 assessment was based on the direct sales approach (R-1 page 18).

[17] Based on the information before the Board, the Respondent requested the 2012 assessment be confirmed.

Decision

[18] The decision of the Board is to confirm the 2012 assessment at \$8,287,000.

Reasons for the Decision

[19] The Board places considerable weight upon the four equity comparables presented by the Respondent. These properties exhibit characteristics similar to those of the subject in terms of age, condition, site coverage, lot size, and building count, and which provide support for the assessment of the subject property.

[20] With respect to the Complainant's request to assess the subject property based on land value and cost of improvement, the Board accepts the Respondent's argument that the subject's improvement was completed and ready for occupancy by March 2011, which was well before the evaluation date of July 1, 2011 and the condition date December 31, 2011. The Board agrees with the Respondent that the subject should be assessed using the direct sales approach and, as a result, places little weight upon the Complainant's land sales comparables and the construction cost of the subject property.

[21] Since the Complainant did not present any sales comparables which have characteristics similar to the subject, the Board places little weight on them. The sales comparables presented by the Complainant were of bare lots and constituted land value only. As such, they were not truly comparable to the subject.

[22] It is for these reasons that the Board concludes that the assessment of the subject property is correct, fair and equitable and should not be disturbed.

Dissenting Opinion

[23] There was no dissenting opinion.

Heard commencing November 2, 2012.

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

Dean Sanduga, Presiding Officer

Appearances:

Walid Melhem
for the Complainant

Joel Schmaus
for the Respondent

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.