

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, ECARB 2012-000584

Assessment Roll Number: 1549039

Municipal Address: 16830 107 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

James Fleming, Presiding Officer

Darryl Menzak, Board Member

Judy Shewchuk, Board Member

Preliminary Matters

[1] This complaint was heard in conjunction with a complaint for a neighbouring property with the same municipal address and listed on the roll as 1549062. The complaints were heard together with identical evidence. With the agreement of the parties, separate decisions will be given for each property.

[2] The parties had no objection to the composition of the panel, and no issues of bias were raised.

Background

[3] The property is a 46,326 square foot (sq. ft.) parcel of vacant land being redeveloped. The property is located on a corner and has frontage to the 170th St. boulevard and 109th Ave. The property is zoned CB2 – General Business District, and is valued using the Direct sales Comparison Approach. The time adjustment calculations are agreed to by both parties.

Issue(s)

[4] The Complaint form contained eight issues, however at the hearing, the Complainant identified they would be arguing two issues, market value and equity, however only evidence on market value was presented.

[5] What is the best evidence of market value?

- a. In order to decide this matter, it is necessary to consider the impact of economies of scale, as it relates to the size of the site. It is also necessary to consider the impact of exposure to 170th St. on the value.

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 10 sales comparables (Ex. C1-1, pg. 8). The sizes ranged from 37,026 sq. ft. to 327,136 sq. ft. compared to 46,328 sq. ft. for the subject. The assessments per sq. ft. ranged from \$11.78 per sq. ft. to \$18.93 per sq. ft. which resulted in a median of \$16.08 per sq. ft. The Complainant indicated their three best comparables were comparables #2, #4, and #6, which they indicated provided good support for their requested value of \$18.00 per sq. ft. versus the \$29.72 per sq. ft. assessed land value.

[8] On the basis of this evidence, they asked then that the value be reduced to **\$833,500**.

Position of the Respondent

[9] The Respondent noted the addresses of the subject and some of the comparables, still reflected the old configuration of the site and advised that the addresses for the subject and the comparables did not accurately reflect the actual location. They directed the CARB to the map on page 11 of R1-1 which delineated the subject and the comparables.

[10] The Respondent provided three sales comparables and three equity comparables to defend the assessment (Ex. R1-1, pg. 10). The sales comparables ranged in area from 17, 851 sq.

ft. to 128,546 sq. ft. and in value from \$18.74 per sq. ft. to \$37.18 per sq. ft. with an average value of \$30.08 per sq. ft. The equity comparables ranged in area from 36,732 sq. ft. to \$63.967 sq. ft., and in value from \$17.99 per sq. ft. to \$23.03 per sq. ft. They averaged \$21.09 per sq. ft.

[11] In their argument the Respondent indicated that the predominant attributes affecting value were the exposure to 170th St. and the fact that the subject is a corner site. They noted that from the adjacent site (also under appeal) to the south, the 170th St. exposure was worth approximately \$5.00 per sq. ft. and the corner exposure was worth about \$3.00 per sq. ft. These numbers were developed from the fact that the value average of interior sites (from the equity comparables) was \$21.09 per sq. ft. and calculating the adjustments from the site adjacent to the subject with 170th St. frontage (\$26.25 per sq. ft.) resulted in the \$5.00 difference, and the value of the subject site at (\$29.72 per sq. ft.) accounted for about a further \$3.00 per sq. ft difference.

[12] The Respondent requested confirmation of the assessment at **\$1,377,000**.

Complainant's Rebuttal

[13] The Complainant argued that only one of the Respondent's sales comparables was in fact comparable, and that was comparable #1, which was common to both parties, and which supported the requested assessment reduction. The 2nd comparable was not in a comparable location they argued, and in support they provided land sales in the area of the second comparable which showed sales prices far higher than the other comparables and the subject (Ex. C2-1, pg. 7).

[14] They argued that the third sale was not comparable because it was almost 1/3rd the size, and that economies of scale would require significant adjustments (which were not provided) in order to make the properties comparable.

[15] Accordingly, they concluded by reiterating their request that the assessment be reduced to **\$833,500**.

Decision

[16] The Complaint is allowed, and the assessment is reduced to **\$833,500**.

Reasons for the Decision

[17] The CARB considered all of the evidence and argument. There were two property sales that the CARB considered very seriously. The first was the Complainant's sale comparable #2 at the corner of 111th Ave and 170th St (Ex. C1-1, pg. 8). This site had 170th St. exposure and a corner location (the same locational attributes as the subject) about two blocks north of the subject. The site size was 216, 493 sq. ft., almost five times the size of the subject, and the sale was concluded at a time adjusted price (TASP) of \$17.85 per sq. ft.

[18] The second sale was the Complainant's seventh comparable which was on the same street as the subject, less than three blocks east of the subject (16704 109th Ave.). This site was almost twice as large as the subject, and it sold for a TASP of \$13.12 per sq. ft.

[19] The CARB put significant weight on both these sales, because, except for the economies of scale, the sites had many similar attributes to the subject and both were in close proximity to the subject.

[20] In turn, the CARB reviewed the sales comparables presented by the Respondent. They accepted the argument of the Complainant that the second comparable was too far away (9103 111th Ave.) and in a different market (see the area sales Ex. C2-1, pg. 7) to be considered comparable to the subject. The CARB also concluded that the third comparable (15830 Stony Plain Road) was in more of a community shopping neighbourhood, and thus would require too many adjustments to make it comparable to the subject.

[21] The CARB also considered the relation between the equity comparables and the market evidence of the sale of 16704 109th Ave. The sale was the largest in area compared to the equity comparables, but the size difference was under 40% for the largest equity comparable. The Respondent did not provide any evidence to explain the difference between the assessment average of the equity comparables at \$21.09 per sq. ft. and the TASP of \$13.09 per sq. ft. sale of the neighbouring property.

[22] Accordingly, the CARB concludes that the Complainants comparables #2 and #7, do challenge the assessment, and so, in evaluating the sales and equity comparables of the Respondent, as noted previously, the CARB can only put weight on the first sales comparable which supports the Complainant's request. The Respondent's equity comparables are adequately challenged by the market sale of comparable #7.

[23] Because the CARB has put little weight on the Respondent's comparable evidence, the CARB then considered an appropriate value for the subject based on the Complainant's information.

[24] As noted previously, the CARB put weight on the sales comparables #2 and #7. These sales at \$17.85 per sq. ft. and \$13.12 per sq. ft. are for larger sites and should be adjusted for size. The CARB received little evidence from either party on the impact of size on value. The CARB, in its experience, accepted the arguments of the Complainant that the two comparables established a range which supported the request for an assessed rate of \$18.00 per sq. ft.

[25] Accordingly, the CARB reduced the assessment as noted above.

Dissenting Opinion

[26] There was no dissenting opinion.

Heard commencing August 27, 2012.

Dated this _ 24th _____ day of _____ September _____, 2012, at the City of Edmonton, Alberta.

James Fleming, Presiding Officer

Appearances:

Bret Flesher

Chris Buchanan
for the Complainant

Keivan Navidikasmaei
for the Respondent

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Appeal Type	Property Type	Property Sub Type	Issue	Sub Issue
CARB	Other	Vacant Land	Sales/Cost Approach	Land Value