

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2012 ECARB 599
(amends 0098 178/12)

Assessment Roll Number: 10032807
Municipal Address: 18404 116 Avenue NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

REVISED DECISION OF
Lynn Patrick, Presiding Officer
Thomas Eapen, Board Member
Taras Luciw, Board Member

Preliminary Matters

[1] Both the Complainant and the Respondent indicated that they had no objection to the composition of the Board. The Board members advised the parties that they did not have any bias with respect to this matter.

Background

[2] The subject property is an 185,769 sq ft warehouse situated on a 424,799 sq ft lot located in the White Industrial subdivision of northwest Edmonton. It was constructed in 2004 and has site coverage of 42%. The 2012 Assessment is \$16,423,000.

Issues

[3] The Complainant indicated that the following matters were at issue:

- a. The subject property is assessed in contravention of Section 293 of the Municipal Government Act and Alberta Regulation 220/2004.
- b. The use, quality, and physical condition attributed by the municipality to the subject property are incorrect, inequitable and do not satisfy the requirement of Section 289 (2) of the Municipal Government Act.
- c. The assessed value should be reduced to the lower of market value or equitable value based on numerous decisions of Canadian Courts.

- d. The assessment of the subject property is in excess of its market value for assessment purposes.
- e. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.
- f. The classification of the subject premise is neither fair, equitable, nor correct.
- g. The City has failed to account for various types of physical, functional and/or economic obsolescence such as the lot configuration creates functional obsolescence and negatively affect the value;
- h. The assessment regression model method used is incorrect and does not accurately reflect the market value for assessment purposes of the subject property.
- i. The municipality has inappropriately adjusted the sales used in the multiple regression approach.
- j. Assessments of similar properties indicate a lower equitable value of \$13,933,000.
- k. The aggregate assessment/ sq ft applied is inequitable with the assessments of other similar and competing properties.

[4] During the hearing, the Board was presented with evidence and heard argument on the following issues:

- 1. Is the assessment of the subject property fair and equitable considering the assessed value and assessment classification of similar properties?
- 2. Is the subject property assessed in excess of its market value when compared to sales of similar properties?

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 provided a 194 page brief to the Board in support of its argument that the assessment should be reduced to \$13,933,000. The Complainant presented evidence in support of its argument that the subject property should be equitably assessed at \$13,933,000 or \$75.00/ sq ft.

[7] The Complainant provided four equity comparables to the Board in support of its argument that the subject property is inequitably assessed. All of the equity comparables were in the northwest quadrant of the city, as was the subject. They ranged in site coverage from 45% - 50%, compared to the subject property's 42%. The 2012 assessments ranged from \$74.83/ sq ft to \$79.46/ sq ft, with an average assessment/ sq ft of \$76.27, and a median of \$75.38/ sq ft.

[8] The Complainant provided a Multi-Building Analysis in support of the argument that the number of buildings on site should make no difference to the assessment of a property. The Complainant provided scatter charts of the warehouse sales in south and northwest Edmonton (Exhibit C-1, pages 31 to 34) to demonstrate that the multi-building warehouse properties did not command any higher unit value than the single building properties.

[9] The Complainant also provided the Board with several single and multi-building warehouses and corresponding sales comparables and argued that this evidence demonstrated that the multi-building or single building warehouse properties did not warrant any differential in unit prices for sales or assessment (Exhibit C-1, pages 35-194). In support of this argument, the Complainant provided the Board with 10 comparable charts, comparing various properties in both the northwest and southeast quadrant of the City.

[10] The Complainant stated that the subject property should not be assessed as having a major roadway adjustment as 184 Street begins to develop a grade separation along the frontage of the property.

[11] The Complainant concluded in summary that a review of the assessment of similar properties indicates that a correct and equitable assessment for the subject property was \$13,933,000.

Position of the Respondent

[12] The Respondent submitted written evidence containing six equity comparables all of which were located in the northwest quadrant (Exhibit R-1, page 11). The effective year built ranged from 1998 to 2008. The total building size ranged from 100,018 sq ft to 149,626 sq ft and the site coverage ranged from 37% to 48%. Their assessments ranged from \$87.77/ sq ft to \$96.59/ sq ft and supported the assessment of the subject.

[13] The Respondent addressed the Complainant's Multi-Building Analysis by explaining that multi-building industrial properties have been valued according to the same mass appraisal model as single-building properties. In doing this, each building has been analyzed for its contributory value to the property. A single assessment has been produced that represents the aggregate market value of that particular property. A number of reasons for this approach were detailed, founded in both appraisal theory and market analysis, and include the cost of construction, differences in size and interior finish, decreased investment risks by leasing to

multiple tenants. Further, site configuration may be improved, and a potential for subdivision can increase sale and rental options. Finally, analyzing each building allows the Respondent to make precise adjustments when necessary (Exhibit R-1, page 28).

[14] The Respondent summarized its response to the Complainant's Multi-Building Analysis by stating that multiple errors and omissions were detected which, when corrected, failed to support the Complainant's position. For instance, market value for multi-building sales had not been established, as typically only one multi-building sale was provided per comparison chart. Further, the multi-building sales provided by the Respondent indicated a higher value for multi-building properties.

[15] The Respondent reviewed the Complainant's south and northwest sales charts (Exhibit C-1, pages 13-29) and found omissions of numerous sales. The Respondent also reviewed each of the Complainant's 10 Direct Sales Analysis Charts and found that numerous sales were not included, non-arms length sales were included, properties were dissimilar and properties that did not sell were included (carried forward from roll# 1004321, Exhibit R-1, page 26-28).

[16] In reviewing the 164 pages in Appendix B of the Complainant's submission, the Respondent explained that it was impossible, with any degree of certainty, to determine the purpose of the material or how it proves the assessment of the property was incorrect.

[17] The Respondent addressed the grade separation described by the Complainant by stating that the actual grade separation occurs along the frontage of the adjoining property to the north.

[18] The Respondent requested that the 2012 assessment in the amount of \$16,423,000 be confirmed.

Decision

[19] The decision of the Board is to reduce the 2012 assessment to \$14,490,000.

Reasons for the Decision

[20] The Board considered all the evidence of the parties to reach its decision.

[21] The Complainant questioned the methodology of the assessment of the subject. The Board accepts that the direct sales comparison approach was used in the model with manual adjustments when required, which is an acceptable approach in mass appraisal. The approach was audited and approved by the Province, as required by the assessment legislation.

[22] The position of the Complainant that the assessment of multi-building properties, such as the subject, ought to be done on the basis that all the buildings are treated as one building and assessed as if one building is not accepted by the Board.

[23] Although the Complainant carried forward in Appendix B of Exhibit C-1, being multi-building sales, which contained scatter charts, lease rates and ten sales comparable charts, the Board did not consider such information. The Complainant instead submitted equity comparables and relied solely upon that to base its request for a reduction.

[24] The Board accepts the Respondent's position that because of differences in sizes, age, condition, location, roadway exposure and finish, it is thus appropriate to assess the individual

buildings on a multi-building site and then combine the individual assessments to reach the total annual assessment for each roll number.

[25] The Board accepts that 184 Street is a major roadway and that the major roadway adjustment is supported by the photographic evidence provided by the parties.

[26] The Board finds the Complainant's equity comparables to be persuasive. All are in the northwest quadrant. All are single building properties except for one, which also contains a cost building, and, when adjusted, results in an average of \$78.00/ sq ft. The Board was persuaded that these comparables are more similar with the subject in lot size, building size and age.

[27] The Board finds the Respondent's six equity comparables less persuasive as they are all smaller than the subject in lot and building size and have a wider effective age range.

[28] The Board concludes that, based upon a review of similar properties provided by the Complainant, which indicate that an assessment of \$78.00/ sq ft is equitable, the 2012 assessment is reduced to \$14,490,000.

Dissenting Opinion

[29] There was no dissenting opinion.

Heard commencing July 31, 2012.

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

Lynn Patrick, Presiding Officer

Appearances:

Walid Melhem, Altus Group
for the Complainant

Joel Schmaus
for the Respondent