

NOTICE OF DECISION NO. 0098 121/12

Canadian Valuation Group
1200 - 10665 Jasper Avenue
Edmonton, AB T5J 3S9

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 July 17, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10188863	104 - 10301 109 Street NW	Plan: 1021279 Unit: 58	\$727,500	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: RANDALL RIEMER HOLDINGS LTD
INGE B WATZENBERG

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 001334

Assessment Roll Number: 10188863

Municipal Address: 104 - 10301 109 Street NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Dean Sanduga, Presiding Officer

Petra Hagemann, Board Member

Dale Doan, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated 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 is an office condominium unit located in Downtown Edmonton at 104 - 10301 109 Street. It is situated on the main floor of the MacCosham Lofts, which is a former warehouse constructed in 1922 and recently renovated for office use. The subject property has 2,572 sq ft of undeveloped office space.

Issue(s)

[3] Is the subject property assessment correct?

Legislation

[4] 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

[5] In support of a reduced assessment of the subject property, the Complainant submitted a brief (C-1) summarizing five sales comparables from other office condominium units. These sales ranged in size from 1,132 to 1,840 sq ft and ranged in price from \$201.86 to \$287.75 per sq ft and were compared to the subject property's size of 2,572 sq ft and assessment of \$282.85 per sq ft (C-1, page 1). Sale #5 is a unit in the subject property.

[6] The Complainant stated that four of the comparables presented were significantly newer than the subject property, as they were built from 1969 to 2001 whereas the subject was built in 1922 (C-1, page 2).

[7] The Complainant acknowledged that all of the comparable sales he presented are smaller than the subject property, yet economies of scale would likely play a role in the sale prices of these condos and would cause smaller spaces to be worth more on a per sq ft basis.

[8] With the exception of #5, the Complainant stated that all of the sales comparables he presented are developed, whereas the subject is undeveloped (C-1, page 2).

[9] The Complainant identified comparable #5 as the best comparable to the subject property since it is located in the same building as the subject property. It consists of two adjacent unfinished units that face 103 Avenue. The subject property, by contrast, is located in the back corner of the building, and has no windows and no street exposure.

[10] The Complainant stated that the Respondent has not provided full information on the comparables he provided, and that the size differences are significant enough to make these weak comparables.

[11] Although the Respondent presented equity comparables, the Complainant stated that he had not intended to bring the issue of equity before the Board.

[12] In conclusion, the Complainant argued that \$200 per sq ft is a reasonable assessment amount for the subject property, and requested that the 2012 assessment be reduced to \$514,000.

Position of the Respondent

[13] The Respondent presented an assessment brief (R-1) to defend the assessment of the subject. This brief contained four sales comparables (R-1, page 11) ranging in size from 470 to 1,722 sq ft and ranging in price from \$369.88 to \$554.40 per sq ft. The Respondent commented that the locations of these properties are superior to the location of the sales comparables presented by the Complainant, as they are located on 107th and 109th Street as well as on Jasper Avenue.

[14] The Respondent also presented five equity comparables that ranged in size from 570 to 1,356 sq ft and ranged in price from \$286.07 to \$286.87 per sq ft (R-1, page 12). These equity comparables were all located in the same building as the subject property.

[15] The Respondent stated that the Complainant's first four comparables were in inferior locations to the subject property. Regarding the Complainant's fifth comparable, the Respondent stated that it should be discarded as a post facto sale since it was sold in November 2011. In addition, the fifth sale was sold as a part of a multiple unit sale, which the Respondent stated is not considered indicative of market value.

[16] Upon questioning by the Complainant, the Respondent confirmed that larger units are usually assessed at lower rates than smaller units. To take size differences into account, the Respondent stated that the City typically increases the assessment value of smaller properties by about 10% - 15%. This adjustment would be applied in cases where there is a significant difference in the sizes of the properties. The Respondent stated, however, that the difference in size in the comparable units in the subject building is not significant enough to warrant a sizable reduction in the per sq ft assessment of the subject property.

[17] The Respondent also advised the Board that the City usually increases the assessment value of developed properties versus undeveloped properties by 10% - 15% and typically makes small adjustments to take into account whether a property is exposed to a busy street or a back lane.

[18] In conclusion, the Respondent requested that the Board confirm the assessment of the subject property at \$727,500.

Decision

[19] The decision of the Board is to reduce the 2012 assessment to \$588,500.

Reasons for the Decision

[20] The Board reviewed the Complainant's and the Respondent's sales comparables and compared them to the subject property. The Complainant's first four sales comparables are

current and range in date sold from January 2010 to June 2011. They are all smaller than the subject, are located in newer buildings, and are all fully finished office spaces in contrast to the subject which is undeveloped. This would indicate that the sale price per sq foot for these units should be higher than that of the subject. The average of these sales, however, is \$248.73 per sq ft compared to the subject at \$282.85 per sq ft.

[21] The Board is aware that these buildings are in somewhat inferior locations to the subject; however the Board has no evidence regarding how much adjustment to make for this locational difference.

[22] Sale #5 is a multiple unit sale (Unit 54 and Unit 55) with a total of 1,200 sq ft and is located on the same floor as the subject unit. It has a superior location as it has windows and is facing 103rd Avenue whereas the subject is windowless and is facing an alley. The Board is aware that this is a multiple unit sale with a blended unit price, however since the units are significantly smaller than the 2,572 sq ft of the subject, the Board's position is that the assessment of the subject should be less than the sale price of these units.

[23] The Board is cognizant that sale #5 is a post facto sale; however, it is a valid sale and is indicative of a trend in the overall market or at the least a trend in the market value of the subject property.

[24] The Board reviewed the comparable sales provided by the Respondent (R-1, page 11), yet placed less weight on these due to their considerably smaller size and lack of additional supporting information.

[25] The Board notes the Respondent's comment that a 10% - 15% downward adjustment is usually made for size, which would cause a smaller unit to be assessed higher than a larger unit due to economies of scale. The Respondent further noted that a 10% - 15% increase is usually applied to developed versus undeveloped office space due to the fact that the cost to develop is approximately \$50.00 per sq ft.

[26] The Board further examined the equity comparables of the units in the subject building (R-1, page 12) and noted that they were all assessed at \$286 per sq ft with no allowance for size or developed versus undeveloped space.

[27] Taking into account all of the above, the Board places most weight on the assessments of the units in the subject building and reduces the assessment of the subject by 10% due to the fact that it is undeveloped and 10% due to the fact that it is significantly larger in area compared to all of the other units on the floor. The subject, in addition, has poor exposure.

[28] The Board therefore reduces the subject property assessment to \$228.80 per sq ft or \$588,500 and believes this to be fair and equitable.

Dissenting Opinion

[29] There was no dissenting opinion.

Heard commencing July 17, 2012.

Dated this 8th day of August, 2012, at the City of Edmonton, Alberta.

Dean Sanduga, Presiding Officer

Appearances:

Tom Janzen, Canadian Valuation Group
for the Complainant

Ning Zheng, Assessor, City of Edmonton
for the Respondent