

NOTICE OF DECISION NO. 0098 82/12

CUSHMAN & WAKEFIELD LTD
1730 - 111 5 AVENUE SW
CALGARY, AB T2P 3Y6

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:
9959353	2311 96 Street NW	Plan: 9824173 Block: 15 Lot: 13A	\$5,240,500	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: THE STANDARD LIFE ASSURANCE COMPANY OF CANADA

Edmonton Composite Assessment Review Board

Citation: Cushman & Wakefield Ltd v The City of Edmonton, 2012 ECARB 001324

Assessment Roll Number: 9959353

Municipal Address: 2311 96 Street NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Cushman & Wakefield Ltd

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Peter Irwin, Presiding Officer
Lillian Lundgren, Board Member
Ron Funnell, Board Member

Preliminary Matters

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

Background

[2] The subject property is a 34,786 square foot (sf) warehouse located at 2311 96 Street NW in the Parsons Industrial neighborhood. The warehouse is in average condition and has an effective year built of 1993. The lot size is 138,175 sf and the site coverage is 21.7%.

Issues

[3] The issues are:

1. Is the subject property assessment correct?
2. Is the subject property equitably assessed with similar properties?

Legislation

[4] The *Municipal Government Act*, RSA 2000, c M-26 reads:

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 subject assessment of \$5,240,500 is incorrect and inequitable. The Complainant stated that “the property is incorrectly assessed based on an incorrect market value, based on the sale of similar parcels and inequitable based on the assessment of other parcels”.

[6] In support of this position, the Complainant presented five equity comparables. The first three equity comparables are located at 9330 27 Avenue NW, 2887 Parsons Road NW and 9110 23 Avenue NW. Each of these properties are improved with warehouses and are assessed at \$124/sf, \$207/sf and \$108/sf respectively based on the area of the buildings.

[7] The Complainant argued that the land component of the subject property should be assessed using the same rate per acre as comparable property. The Complainant’s fourth and fifth equity comparables located at 9204 23 Avenue NW and 9306 23 Avenue NW are vacant land and have an average assessment of \$826,127 per acre. The Complainant stressed that this is an important number because the average assessment per acre will be used to calculate the land value and the residual building value for the subject property.

[8] The Complainant also presented four sales comparables located at 3120 93 Street NW, 3304 Parsons Road NW, 9924 29 Avenue NW and 9402 31 Avenue NW that are assessed \$127/sf, \$98/sf, \$84/sf and \$143/sf respectively based on building area.

[9] The Complainant recalculated the value of the subject property using a residual building value method. First, the Complainant removed a vacant land value of \$826,127 per acre from each of the three equity comparables and each of the four sales comparables. This, the Complainant argued, left the residual building value assessment for each of these comparables.

[10] Second, the Complainant chose the comparable sale at 9924 29 Avenue NW as the most similar property to the subject property. The comparable has a 1.32 acre site improved with a 30,064 warehouse and has site coverage of 52%. The subject property is a 3.172 acre site improved with a 35,380 sf warehouse. It has site coverage of 22%.

[11] Third, the Complainant calculated the residual building value for the comparable located at 9924 29 Avenue NW and applied the residual building value to the subject property as follows. After removing the vacant land value of \$1,090,487.92, the residual building value for this comparable is \$47.47 per square foot.

[12] Next, the Complainant applied the residual building value of \$47.47 to the subject building area of 35,380sf which resulted in a value of \$1,679,488 for the subject improvement. The Complainant applied a value of \$826,127 per acre for 3.172 acres which resulted in a value of \$2,620,475 for the land component of the subject property. The improvement value of \$1,679,488 plus the land value of \$2,620,475 resulted in a total value of \$4,299,962.80.

[13] In summary, the Complainant contends that vacant land value plus building value is a more accurate method to calculate the subject assessment. The above calculation forms the basis for the requested value of \$4,300,000.

Position Of The Respondent

[14] The Respondent submitted that the subject property is assessed correctly and equitably. The subject assessment of \$5,240,500 was prepared using the direct sales approach.

[15] The Respondent defended the subject assessment with four sales comparables that sold for a time adjusted sale price (tasp) from \$144/sf to \$152/sf compared with the subject assessment of \$150/sf. The Respondent explained that it is difficult to find properties that are similar in all attributes, therefore adjustments must be made for differences. For example, the subject property is located on a major road and the comparables are slightly inferior because none are located on a major roadway. The subject property is superior in site coverage to three of the comparables.

[16] The Respondent also presented five equity comparables that range in assessment from \$147/sf to \$161/sf compared with the subject assessment of \$151/sf. The equity comparables are similar in age, building size and site coverage.

[17] In rebuttal to the Complainant's method of calculating the assessment, the Respondent stated that the method is flawed because no adjustments were made for the differences in site coverage, lot size or building size.

[18] The Respondent also commented on two of the Complainant's sales comparables. The Respondent submitted a document showing that the comparable located at 9924 29 Avenue NW was an opinion of value based on the sale of the business and realty. The comparable at 9402 31 Avenue NW sold on January 16, 2012 and is a post facto sale that has not been verified by the city yet.

[19] In summary, the Respondent requested the Board to confirm the assessment.

Decision

[20] The property assessment is confirmed at \$5,240,500.

Reasons For The Decision

[21] In reviewing this matter, the Board is not convinced that the Complainant's estimate of value for the subject property is correct. The method used by the Complainant to calculate the value of the subject property is unreliable because no adjustments for size differences were made to the land value applied to the subject property. More importantly, the residual building value of \$47.47 per square foot was taken from the sales comparable at 9924 29 Avenue NW. The Respondent's evidence showed this sale to be an opinion of value, therefore, the Board places no weight on it.

[22] Finally, the Board finds no evidence to support the contention that the subject property is incorrectly assessed or inequitably assessed with similar properties.

[23] Accordingly, the property assessment is confirmed.

Heard commencing June 25, 2012.

Dated this 25th day of July, 2012, at the City of Edmonton, Alberta.

Peter Irwin, Presiding Officer

Appearances:

Jan Goresht
for the Complainant

Joel Schmaus
for the Respondent