

Edmonton Composite Assessment Review Board

Citation: John C. Manning v The City of Edmonton, 2012 ECARB 1736

Assessment Roll Number: 9988445

Municipal Address: 11810 160 Street NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

John C. Manning

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Warren Garten, Presiding Officer
Brian Hetherington, Board Member
James Wall, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members expressed no bias with regards to this matter.

Background

[2] The subject property is improved with a multi-tenant office/warehouse building containing a total of 28,029 square feet (sq. ft.), including 8,310 sq. ft. of office space. It occupies 37% of the 75,218 square foot lot, located in the City's Hawin Park Estate Industrial area. The subject building was constructed in 1977 and has been assessed for 2012 utilizing the Direct Sales Comparison Approach to valuation.

Issues

[3] Is the Market Value based on the Direct Sales Comparison Approach to Value correct?

[4] Is the assessment of the subject property fair and equitable in comparison to similar properties?

Legislation

[5] 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

[6] The Complainant presented evidence (C-1) and argument for the Board’s review and consideration.

[7] The Complainant argued that the subject is over assessed based on the Direct Sales Comparison Approach.

[8] The Complainant provided five sales comparables (C-1, p. 1) and third party data sheets (C-1, pp 9-16) for the Board’s review; these sales ranged from \$59.85 per square foot to \$76.68 per square foot (time adjusted sale price). The average time adjusted sale price of the five comparables was \$68.80 per square foot. The Complainant provided 2012 City of Edmonton assessment sheets on three of the five sales comparable properties, which showed a range of \$72.74 per square foot to \$77.25 per square foot. Equity was not argued.

[9] The Complainant indicated that the time adjustment factors applied to the sales comparables in C-1 are the same factors used by the City of Edmonton (C1, p. 17) in their calculations.

[10] The Complainant indicated that the subject property’s 2012 assessment was on the basis of \$82.45 per square foot.

[11] The Complainant argued that sales comparables two and four (C.-1, pp 11, 14) were the most reliable indicators of value for the subject property. These sales comparables had time adjusted sale prices of \$73.58 per square foot and \$76.68 per square foot respectively.

[12] The Complainant suggested that multi-tenant properties should be compared to the subject property rather than comparisons with owner/user properties. The Complainant also criticized the Respondent's sales located in the southeast industrial section of the City on the basis that they enjoy a superior location to the subject.

[13] In summary, the Complainant requested the 2012 assessment of the subject property be reduced to \$2,102,000, based on \$75 per square foot.

Position of the Respondent

[14] The Respondent presented evidence (R-1), Law and legislation (R-2) and argument for the Board's review and consideration.

[15] The Respondent outlined the mass appraisal methodology for valuing properties (R1, pp 4 - 8) and informed the Board that the subject property had been valued by Direct Sales Comparison. Factors found to affect value in the warehouse inventory include location, size of lot, age and condition of the buildings, the total area of the main floor, amount of finished area on the main floor as well as any developed upper area (R-1, p. 7).

[16] The Respondent stressed that the assessment models, the process utilized and the results are submitted annually to the Assessment Services Branch of the Department of Municipal Affairs for audit purposes. The Respondent indicated that the audit had been passed and that the City of Edmonton had met all governing legislation including regulations and quality standards.

[17] The Respondent indicated that the Direct Sales Comparison Approach to valuation provided the best indication of value for buildings such as the subject property.

[18] The Respondent presented five sales comparables (R-1, p. 19); three were located in the same northwest quadrant of the City as the subject, and two were located in the southeast industrial area of the City. These sales took place between January 2008 and February 2011. Site coverage ranged from 37% to 56%. The subject's site coverage is 37%. Time adjusted sales prices ranged from \$79.40 per square foot to \$97.70 per square foot, compared to the subject's assessment at \$82.45 per square foot.

[19] The Respondent questioned the reliability of the Complainant's sales comparable five, as the assessment department's discussions with the vendor and purchaser (R1, page 26) indicated the former was under financial duress.

[20] The Respondent presented five equity comparables (R-1, page 25), all located in the northwest quadrant of the City, similar to the subject. These equity comparables exhibit a 2012 assessment range of \$88.08 per square foot to \$90.26 per square foot compared to the subject at \$82.45 per square foot.

[21] Upon questioning from the Board the Respondent suggested that his sales comparables one, two and three offered the best indication of market value for the subject property. The time adjusted sale prices of these sales comparables ranged from \$79.40 per square foot to \$92.09 per square foot and they were all located in the northwest quadrant of the City of Edmonton.

[22] In summary the Respondent requested the Board confirm the 2012 assessment of the subject property at \$2,311,000.

Rebuttal

In a rebuttal document (C-2), the Complainant provided the following 2012 assessment information for the Respondent's sales comparables 1-5 inclusive:

- i. Sale one with a time adjusted sale price at \$92.09 per square foot is assessed on the basis of \$84.91 per square foot.

- ii. Sale two with a time adjusted sale price of \$79.40 per square foot is assessed at \$71.67 per square foot.
- iii. Sale three with a time adjusted sale price of \$79.51 per square foot is assessed at \$78.51 per square foot.
- iv. Sale four with a time adjusted sale price of \$97.70 per square foot is assessed at \$92.59 per square foot.
- v. Sale five with a time adjusted sale price of \$86.88 per square foot is assessed at \$83.33 per square foot.

Decision

[23] It is the decision of the Board to reduce the 2012 assessment of the subject property from \$2,311,000 to \$2,172,000 (rounded) based on a revised assessment of \$77.44 per square foot.

Reasons for the Decision

[24] In reaching its decision, the Board considered all argument and evidence.

[25] The Board agreed with the Complainant that location is an important factor in the choice of sales comparables. The Board was not persuaded by sales comparables four and five from the Respondent (R-1, p. 19), as they were located in the southeast quadrant of the City and were not good indicators of market value for the subject property.

[26] The Board reviewed all comparables provided by both the Complainant and Respondent and finds that the Complainant's sales three and four and the Respondent's sale two were most comparable to the subject property:

- i. 13007-149th St.: this property submitted as sales comparable three by the Complainant, although higher in site coverage (50% versus 37%) is similar in improvement size (25,200 square feet versus 28,029 square feet), and is six years older than the subject property.
- ii. 16295-132 Avenue: this property submitted as sales comparable two by the Respondent has higher site coverage than the subject (46% versus 37%), is two years newer than the subject and its improvement is larger (40,098 square feet versus 28,029 square feet).
- iii. 17407-106th Ave.: this property submitted by both parties (Complainant's four and Respondent's three) had the same site coverage as the subject (37%), was constructed in the same year (1977), but it had a larger improvement (44,651 square feet versus 28,029 square feet).

[27] The Board notes a discrepancy in the information provided by each party on 17407-106th Avenue, and accepts as correct the improvement size of 44,651 square feet and a time adjusted sale price of \$79.51 per square foot as submitted by the Respondent.

[28] The Board finds that the foregoing sales comparables can be relied upon to indicate market value for the subject property.

[29] The Board placed little weight on the Respondent's sales comparables four and five as they were located outside the subject's market area.

[30] The Board placed no weight on the Respondent's sales comparable one as its site coverage was much higher than the subject (56% versus 37%) and the improvement was smaller (15,576 square feet versus 28,029 square feet).

[31] The three sales comparables (i., ii. and iii.) indicate an average time adjusted sale price of \$77.44 per square foot and the Board finds that this represents a fair and equitable estimate of the subject property's market value for 2012 assessment purposes. The Board applied this rate to the subject area of 28,029 square feet for a total revised 2012 assessment of **\$2,172,000.**

Dissenting Opinion

[32] There was no dissenting opinion

Heard commencing October 15, 2012.

Dated this 9 day of November, 2012, at the City of Edmonton, Alberta.

Warren Garten, Presiding Officer

Appearances:

Tom Janzen

for the Complainant

Marty Carpentier

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.