

Edmonton Composite Assessment Review Board

Citation: John C. Manning c/o CVG v The City of Edmonton, 2012 ECARB 1760

Assessment Roll Number: 1032465

Municipal Address: 11704 170 STREET NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

CVG Canadian Valuation Group, Agent

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Don Marchand, Presiding Officer

Darryl Menzak, Board Member

Judy Shewchuk, Board Member

Preliminary Matters

[1] Each of the Board members indicated that they had no bias with respect to this complaint; as well, both parties indicated that they had no objection to the composition of the panel.

[2] Each of the parties was sworn in prior to giving evidence.

Background

[3] The subject is a 73,852 square foot multi-tenant office/warehouse building built in 1981 and situated on a 4.73 acre property in the Armstrong Industrial neighbourhood. The site coverage is 36%. The space includes 2,461 square feet of office space.

Issue(s)

[4] Is the 2012 assessment fair and equitable?

Legislation

[5] The Board's jurisdiction is within the ***Municipal Government Act, RSA 2000, c M-26*** [MGA]:

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.

[6] The Board gave consideration to the requirements of an assessment, contained in the MGA:

289(2) Each assessment must reflect

a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and

b) the valuation and other standards set out in the regulations for that property.

[7] The valuation standard is set out within the ***Matters Relating to Assessment and Taxation Regulation, Alta. Reg. 220/2004*** [MRAT]:

s 2 An assessment of property based on market value

a) must be prepared using mass appraisal,

b) must be an estimate of the value of the fee simple estate in the property, and

c) must reflect typical market conditions for properties similar to that property

[8] Market value is defined within the MGA as

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;

Position of the Complainant

[9] The Complainant submitted a 26-page evidence package marked exhibit C-1 and an 8-page rebuttal package marked exhibit C-2.

[10] The Complaint presented two approaches to value – the direct sales comparison approach and the income approach.

[11] With respect to the direct sales comparison approach the Complainant presented eight sales with time adjusted sale prices (TASP) ranging from \$52.40 to \$81.71 per square foot and with assessments ranging from \$59.05 to \$79.86 per square foot. The Complainant advise that he placed most weight on comparable # 1 at 11504 – 170 Street (TASP \$56.09 and assessment of \$79.67), on comparable #5 at 17915 – 118 Avenue (TASP \$81.71 and assessment of \$59.31), and on comparable # 6 at 16304 – 117 Avenue (TASP \$81.41 and assessment of \$73.09).

[12] In rebuttal the Complainant presented the assessments of the Respondent's sales comparables ranging from \$59.97 to \$104.45 and argued that these assessments support a reduction in the assessment of the subject to \$80.00 per square foot.

[13] The Complainant's comparables considered to provide the most weight for a reduction:

#	Address	Eff. Year	SC	Total Main	TASP	Assmt.	TASP per sq ft	Assmt per sq ft
S	11704-170 st	1981	36	72,835		\$6,341,500		\$87.07
1	11504-170 st	1981	52	69,209	\$5,000,000	\$5,514,000	\$56.09	\$79.67
5	17915-118 ave	1974	46	137,062	\$11,200,000	\$8,129,500	\$81.71	\$59.31
6	16304-117 ave	1977	42	110,952	\$9,000,000	\$8,109,000	\$81.41	\$73.09

[14] The Complainant argued that the leasable area of the subject as per the rent roll is 72,835 square feet. Applying a rate of \$80.00 per square foot to the leasable area the Complainant submitted that the assessment should be reduced to \$5,826,800.

[15] With respect to the income approach the Complainant presented the subject's rent roll showing rates between \$3.75 (for the property manager) and \$7.50 per square foot. Using a rent of \$7 per square foot, a vacancy rate of 5%, a non-recoverable expenses rate of 3%, and a capitalization rate of 8% the Complainant calculated that the value of the subject should be \$5,872,777.

[16] In conclusion the Complainant asked the CARB to reduce the assessment to \$5,850,000.

Position of the Respondent

[17] The Respondent submitted a 44-page assessment brief marked exhibit R-1 and a 44-page law and legislation brief marked exhibit R-2.

[18] The Respondent presented seven sales comparables ranging from \$79.40 to \$109.55 TASP. Four were situated in the northwest quadrant, as is the subject. The Respondent also presented eight equity comparables, all in the northwest quadrant of the city, ranging in assessment from \$80.00 to \$97.55 per square foot. The assessment of the subject at \$85.87 per square foot falls within both the TASP and the assessment ranges.

[19] The Respondent's comparables:

#	Address	Eff. Yr.	SC	Total Main	Office Finish	Mezz. Finish	Total Area (incl. mezz.)	Off. %	TASP per sq ft	Assmt per sq ft
1	16295-132 ave	1979	46	40,098	2,515	1,456	41,554	9.9	\$79.40	\$71.67
2	10025-51 ave	1961	28	89,449	13,120		89,449	14.7	\$81.37	\$82.48
3	12930-148 st	1972	34	44,101	5,880		44,101	13.3	\$95.24	\$80.36
4	4115-101 st	1969	40	44,887	7,535		44,887	16.8	\$86.88	\$83.33
5	8210 McIntyre Rd	1974	28	41,991	13,165		41,991	31.4	\$109.55	\$104.45
6	17407-106 ave	1977	37	40,251	6,272	4,400	44,651	26.5	\$79.51	\$78.51
7	17915-118 ave	1977	46	135,566	23,882		135,566	17.6	\$82.62	\$59.97
S	11704-170 st	1981	36	72,835	2,461			3.4	Assmt	\$87.07

[20] With respect to the Complainant's income approach the Respondent presented third party documentation challenging the rental, vacancy, and capitalization rates utilized by the Complainant. Furthermore, the Complainant presented excerpts from "The Appraisal of Real Estate" published by the Appraisal Institute of Canada and argued that the income approach is not appropriate when assessing warehouse properties.

Decision

[21] The 2012 assessment is revised from \$6,341,500 to \$5,900,000.

Reasons for the Decision

[22] Both Parties have submitted as a good comparable the sale at 17915 – 118 Ave. The Complainant computes the sale indicator at \$81.71 and the Respondent computes the sale indicator at \$82.62. The Board received no explanation as to the assessment on this comparable at the rate of \$59.31 per square foot.

[23] The Board did not receive an explanation as well for the assessment rate of \$79.67 per square foot on the Complainant's comparable # 1 at 11504 – 170 St. when the time adjusted sales price was reported at \$56.09.

[24] The Respondent's comparable #2 is the most similar in size and requires adjustments relative to age, site coverage, and office finish.

[25] An average of the entire Respondent's comparables is below the subject's rate of \$87.07.

[26] The income approach test by the Complainant produces a valuation result reasonably close to the assessment. The Board is satisfied that the direct sales approach to value has been used consistently within the mass appraisal of the warehouse/office inventory throughout the Municipality. The Board places most weight on the direct sale valuation that both parties undertook.

[27] Based on all the evidence provided, the Board revises the assessment to \$5,900,000.

Heard commencing October 25, 2012.

Dated this 28th day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Will Osborne
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.