

Edmonton Composite Assessment Review Board

Citation: Eskimo Equities Inc. c/o CVG v The City of Edmonton, 2012 ECARB 1766

Assessment Roll Number: 9986428

Municipal Address: 9404 39 AVENUE 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

John Braim, Board Member

Lillian Lundgren, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the Board. In addition, the Board members indicated that they had no conflict of interest in this matter.

Background

[2] The subject property is a multi-tenant office/warehouse complex located at 9404 39 Avenue NW in the Strathcona Industrial Park. The building has a total area of 98,533 square feet and an effective year built of 2000. The lot size is 5.89 acres (256,517sf) with site coverage of 38%. The property is assessed at \$10,042,000.

Issue

[3] Is the subject property assessment correct?

Legislation

[4] 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.

[5] 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.

[6] 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

[7] 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

[8] The Complainant filed this complaint on the basis that the subject assessment of \$10,042,000 is incorrect.

[9] The Complainant argued that the following sales support a value lower than the current assessment of \$101.92/sf. The sales comparables are time adjusted from the sale date to the valuation date of July 1, 2011 using the City of Edmonton time adjustment factors.

Comp	Address	Sale Date	Age	Bldg Size/sf	Site Cov	Sale Price/sf
#1	5725/33 92 Street NW	May 2009	1971	15,002	37%	\$110.58
#2	7216 76 Avenue NW	May 2009	1976	15,000	55%	\$91.36
#3	7703/15 69 Street NW	July 2009	1975	15,800	36%	\$107.16
#4	4101 84 Avenue NW	Feb 2010	1998	162,860	54%	\$80.68
#5	9719 63 Avenue NW	July 2010	1988	17,149	44%	\$104.96
#6	5820 96 Street NW	Aug 2010	1979	10,000	45%	\$100.00
#7	7603 McIntyre Rd NW	Dec 2010	2001	44,000	25%	\$100.57
#8	4115 101 Street NW	Dec 2010	1978	44,994	40%	\$86.67
Subject	9404 39 Avenue NW	N/A	2000	98,533	38%	\$101.92 (asmt)

[10] The Complainant identified sales #4, #7 and #8 as the best comparables because the physical and location characteristics are more similar to the subject. These sales support a value of \$90.00/sf.

[11] In rebuttal, the Complainant stated that the Respondent's sale comparables #1, #2 and #3 are not similar to the subject property because the sold properties are located in the northwest quadrant of the city.

[12] The Complainant also provided the assessed value for the Respondent's sale comparable #4 located at 7612 17 Street NW. The 2012 assessment for this comparable is \$11,855,500 or \$89.33/sf. The subject is assessed at \$101.92/sf.

[13] In summary, the Complainant requested the Board to reduce the assessment to \$8,870,000 based on \$90.00 per square foot.

Position of the Respondent

[14] The Respondent submitted that the subject assessment of \$10,042,000 is correct. In support of this position, the Respondent presented the following sale comparables.

Comp	Address	Sale Date	Eff. Year Built	Total Bldg Area/sf	Site Cov	Sale Price/sf
#1	18403 104 Avenue NW	Sept 2009	2004	72,877	34%	\$93.49
#2	17404 111 Avenue NW	June 2008	2005	74,801	39%	\$139.31
#3	18507 104 Avenue NW	Nov 2009	2007	118,800	34%	\$125.70
#4	7612 17 Street NW	July 2010	1995	132,720	39%	\$111.51
Subject	9404 39 Avenue NW	N/A	2000	98,533	38%	\$101.92 (asmt)

[15] The Respondent explained that there are few sales of newer properties with large buildings; therefore, three sale comparables from the northwest quadrant were used. However, sale #4 located at 7612 17 Street NW is a good comparable located in the same quadrant of the city.

[16] Although equity is not an issue in this complaint, the Respondent presented five assessment comparables to show that the subject property is assessed equitably with similar properties. The comparables are similar in location, lot size, building size and site coverage. The assessment comparables range in value from \$101.71/sf to \$111.54/sf.

[17] Respecting the Respondent's sale #4 located at 7612 17 Street NW, the Respondent provided the following information. This property has three buildings and two of the buildings are valued on the cost approach for a total value of \$2,059,500. By removing this cost value and the size of the cost buildings, the assessment of the direct sales building is \$107.05/sf. This value supports the assessment of the subject property.

[18] The Respondent commented on the Complainant's sale comparables #4, #7 and #8 as follows. Sale #4 sold at a time when the lease rates were considered to be 20% to 25% below market indicating an upside. Sale #4 also requires an upward adjustment for size and site coverage which overrides the newer age. Sales #7 and #8 also had below market rents at time of sale.

[19] In summary, the Respondent requested the Board to confirm the assessment at \$10,042,000.

Decision

[20] The subject property assessment is confirmed at \$10,042,000.

Reasons for the Decision

[21] In determining whether the subject property assessment is correct, the Board reviewed the Complainant's sale comparables and finds as follows. The Complainant's sales #1, #2, #3 and #7 had below market rents at the time of sale which may have depressed the sale price. Sale #4 had rental rates that were 20% to 25% below market which according to the sales data sheet published by The Network indicated an upside. Sale #5 was in fair condition and required extensive repairs/renovations on the sale date. Sale #6 is non-arms length. Sales #1, #2, #3, #6 and #8 have buildings that were constructed between twenty-one and twenty-nine years earlier than the subject buildings. As a result of these findings, none of the Complainant's sale comparables are similar properties, nor can they be considered good indicators of market value for the subject property.

[22] The Board also reviewed the Respondent's sale comparables and agrees with the Complainant that the Respondent's sales #1, #2 and #3 require adjustment for the northwest location. However, the Respondent's sale #4, when adjusted for the cost buildings, does support the subject assessment.

[23] Finally, the onus is on the Complainant to prove that the assessment is incorrect and there is insufficient evidence of an incorrect assessment.

[24] Accordingly, the assessment is confirmed at \$10,042,000.

Heard commencing October 30, 2012.

Dated this 29th day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

CVG

for the Complainant

Mary-Alice Nagy

Tanya Smith, Legal Counsel

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.