

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1801

Assessment Roll Number: 1274521
Municipal Address: 11750 181 Street NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

CVG

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 the subject.

Background

[2] The subject property is a 29,967 square foot (sq. ft.) office/warehouse building, including 500 sq. ft. of office space. The building was constructed in 1989 and occupies 27.3% of the 109,576 sq. ft. lot, located at 11750 181 Street in the Edmiston Industrial area of Northwest Edmonton. The subject property has been assessed for 2012 utilizing the direct sales comparison approach to valuation, based on sales occurring between January 2008 and June 2011.

Issue(s)

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

Legislation

[4] 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

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

[6] The Complainant argued that the subject is over assessed based on the Direct Comparison Approach, supported by the sales comparisons.

[7] The Complainant presented the Board with a list of 10 comparable sales from Northwest Edmonton, which had been concluded between June 2009 and May 2011 (C-1, p. 1 with details on pp 8-17). These properties were built between 1971 to 2002, with one having two buildings, which were constructed in 1989 and 2006. The buildings ranged in size from 10,089 sq. ft. to 54,555 sq. ft. compared to the subject property’s size of 29,967 sq. ft. The site coverages ranged from 15% to 50%, while the subject occupied 27% of its site. The time-adjusted per sq. ft. selling prices of the comparable properties ranged from \$59.85 to \$132.63, compared to the assessment of the subject at \$110.22.

[8] The Complainant told the Board that four of these comparables (1, 3, 7 and 9) were the most appropriate for consideration in the assessment of the subject.

[9] Under cross examination, the Complainant acknowledged presenting a wide range of properties from the area, and indicated that this was done in the interests of “efficiency and philosophy”, and that he wanted to show a wide range of warehouses in the area of the subject.

[10] In response to a question from the Chair, he said that the building had a single tenant.

Position of the Respondent

[11] The Respondent presented evidence (R-1) and argument for the Board’s review and consideration.

[12] The Respondent outlined mass appraisal methodology for valuing properties (R-1, 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 buildings, total main floor area, amount of finished area on the main floor and developed upper area (R-1, p. 7).

[13] 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.

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

[15] The Respondent presented the Board with a chart of five comparable sales (R-1, p. 18, together with details of the sales on pp 19-23). Three of the sales were in Northwest Edmonton, similar to the subject property, while the other two were located on the Yellowhead Trail.

[16] The age of the comparables ranged from a year-built of 1968 to 1992, compared to the subject's year built of 1989. The site coverages ranged from 17% to 39%, compared to the 27% of the subject property. Similarly, the total building areas of the Respondent's comparables ranged between 14,786 sq. ft. and 32,354 sq. ft., compared to the subject size of 29,967 sq. ft.

[17] The Respondent told the Board that the time adjusted selling prices (TASPs) of his comparable properties ranged from \$111.02 to \$158.46, which he suggested supported the assessment of the subject property at \$110.22.

[18] The Respondent presented evidence to the Board to diminish the credibility of two of the Complainant's comparables. He claimed that comparable #1 was a duress sale (R-1, p. 24), where the sale price was not reflective of market value, while comparable #5 involved the sale of a partial interest between partner companies (R-1, p. 25).

[19] On questioning by the Board, the Respondent said that his comparable #2 was his best, as it was nearly identical in age, size and percentage of site coverage.

[20] In closing, he asked the Board to confirm the assessment at \$3,303,000.

Rebuttal by the Complainant

[21] The Complainant presented a rebuttal document (C-2) which indicated that the only comparable which had been presented by the Complainant that was subject to doubt, was #5, which had involved one person being involved with both parties in the sale.

Decision

[22] The decision of the Board is to reduce the assessment to \$100 per sq. ft. for a total assessment of **\$2,997,000.**

Reasons for the Decision

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

[24] The Board was of the opinion that the two sales presented by the Respondent, which were located on the Yellowhead Trail, could not be considered as comparables to the subject, particularly with one being in Northeast Edmonton.

[25] The Board accepted the submission of the Respondent that his most appropriate comparable was his #2, as it was close to the subject property in age, size and lot size.

[26] The Board also accepted the submission of the Respondent, casting doubt on the validity of the Complainant's sale # 1, as being made under duress. It also accepted the evidence of the Respondent that the Complainant's sale #5 was between related parties. Both of these sales were rejected as legitimate comparables.

[27] The Board did accept the submission of the Complainant that the other three sales identified as the most comparable (# 3, #7 and #9) were appropriate comparables to use in any calculation that might be made.

[28] In reaching its decision of an appropriate assessment, the Board used four identified sales outlined above: Respondent's sale # 2 and the Complainant's sales # 3, 7 and 9 - which had TASPs of \$117.43, \$93.13, \$96.31 and \$93.43 respectively. These produced an average TASP of \$100.07.

Dissenting Opinion

[29] There was no dissenting opinion.

Heard on October 16, 2012.

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

Warren Garten, Presiding Officer

Appearances:

Peter Smith
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.