

Edmonton Composite Assessment Review Board

Citation: Ironwood III Assets Inc. c/o CVG v The City of Edmonton, 2012 ECARB 1864

Assessment Roll Number: 1117837

Municipal Address: 21103 107 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 3999 square foot (sf) warehouse located at 21103 107 Avenue NW in the Winterburn Industrial Area East neighborhood. The property has an effective year built of 1978 and is zoned IM (medium industrial). The lot size is 47,907sf and the site coverage is 8%. The property assessment is \$689,500.

Issue(s)

- [3] Is the subject property assessment correct?
- [4] Is the subject property equitably assessed with similar properties?

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 filed this complaint on the basis that the subject assessment of \$689,500 is in excess of market value.

[10] The Complainant argued that the sale of the subject property is the best indication of value. The subject sold in August 2008 for \$524,160 or \$131.08/sf. The Complainant stated that the subject assessment was reduced last year based on the time adjusted sale price. A copy of the Assessment Review Board decision which reduced the subject 2011 assessment to \$532,000 was provided.

[11] The Complainant also argued that sales and assessments of similar property support a value lower than the current assessment. In support of this position, the Complainant presented five sale comparables that have been time adjusted from the sale date to the valuation date of July 1, 2011 using the City of Edmonton's time adjustment factors.

Comp	Address	Age	Sale Date	Bldg Size/sf	Site Cov	Sale Price/sf	Asmt/sf
Subject	21103 107 Ave	1978	Aug 2008	3,999	8%	\$131.08	\$172.42
#1	10735 214 St	1981	Oct 2008	6,699	12%	\$115.97	\$150.00
#2	10604 205 St	1978	Jan 2009	20,330	15%	\$95.82	N/A
#3	21115 109 Ave	82/92	July 2009	5,505	20%	\$147.63	\$132.88
#4	21350 107 Ave	1981	Feb 2010	7,800	13%	\$139.33	\$134.04
#5	10720 209 St	1976	June 2010	6,628	17%	\$119.44	\$141.00

[12] The Complainant explained that the requested reduction to \$130.00/sf is not based on the assessment comparables. The assessment comparables which range from \$132.88/sf to \$172.42/sf are provided to show that the subject is assessed higher than the comparables.

[13] In summary, the Complainant requested a value of \$519,500 (\$130.00/sf) based on the sale of the subject and supported by the sale comparables.

Position of the Respondent

[14] The Respondent submitted that the subject assessment of \$689,500 is correct. In support of this position, the Respondent presented six sale comparables that sold for a time adjusted sale price of \$164.69/sf to \$238.63/sf. The subject is assessed at \$172.42/sf.

Comp	Address	Sale Date	Effective Year Built	Office Main Floor/sf	Total Bldg Area/sf	Sale Price/sf	Site Cov
#1	20820 107 Ave	Dec 2010	1980	1,800	6,600	\$238.63	5%
#2	20911 107 Ave	Apr 2011	1980	1,680	6,600	\$196.97	14%
#3	11241 224 St	Mar 2011	2010	0	5,400	\$212.96	12%
#4	10684 214 St	Jun 2009	1992	4,045	5,271	\$164.69	9%
#5	21020 107 Ave	Mar 2010	1977	1,201	4,806	\$189.69	8%
#6	10710 209 St	Mar 2010	1977	612	4,618	\$177.05	7%
Subject	21103 107 Ave	Aug 2008	1978	595	3,999	\$131.07	8%

[15] The Respondent agreed that the subject sold in August 2008 for \$131/sf; however, there are other good comparables that should be considered. The sale comparables located at 21020 107 Avenue NW and 10710 209 Street NW are good comparables because they are almost identical in age, building size and site coverage. They sold in March 2010 for \$189.69/sf and \$177.05/sf respectively which supports the current assessment.

[16] The Respondent explained that properties with a larger amount of land in relation to the building footprint will have a higher value per square foot, as each square foot has to account for the additional value attributable to the larger land area. In the case of the subject property, the site coverage is only 8% which tends to increase the per square foot value. The Respondent's comparables located at 21020 107 Avenue NW and 10710 209 Street NW have site coverage of 8% and 7%, whereas, the Complainant's comparables have site coverage that ranges from 12% to 20%.

[17] The Respondent presented the following assessment comparables located in the Winterburn Industrial Area.

Comp	Address	Effective Year Built	Total Area/sf	Site Cov	Assessment/sf
#1	11220 228 Street NW	1982	3,200	8%	\$190.63
#2	20303 111 Avenue NW	1988	3,992	6%	\$215.03
#3	10710 209 Street NW	1977	4,618	7%	\$181.58
#4	21130 108 Avenue NW	1979	6,214	8%	\$171.54
#5	21210 108 Avenue NW	1978	6,236	8%	\$169.58
Subject	21103 107 Avenue NW	1978	3,999	8%	\$172.42

[18] In summary, the Respondent stated that the assessment is fair and equitable. The Respondent requested the Board to confirm the assessment at \$689,500 based on the comparables presented by the Respondent.

[19] The Respondent noted that the fabric structure on the subject site is not assessed for the 2012 Assessment; however it will be assessed next year.

Decision

[20] The property assessment is confirmed at \$689,500.

Reasons for the Decision

[21] In determining this matter, the Board first considered whether the sale of the subject property for \$524,160 in August 2008 is the best indication of market value for the subject property. The sale occurred nearly three years prior to the valuation date of July 1, 2011 and the Board recognizes that market conditions change over time owing to supply, demand, inflation, available financing and so forth.

[22] Recent sales of comparable properties indicate a change in this industrial area of Winterburn. The two properties located at 21020 107 Avenue NW and 10710 209 Street NW are very similar to the subject property and they sold in March 2010 for \$189.69/sf and \$177.05/sf respectively. The Board appreciates the fact that a time adjustment factor has been applied to the subject sale price of \$524,160 (\$131.07/sf); however, the time adjustment factors have been derived from numerous sales throughout the city and are not specific to the Winterburn Industrial area. The time adjusted sale price of \$131.07/sf falls well below the more recent sale prices of similar property in close proximity to the subject.

[23] The Board places more weight on the two sales that occurred in March 2010 because they are recent sales that reflect the market in the immediate area. The sale comparables at 21020 107 Avenue NW and 10710 209 Street NW are good indicators of market value for the subject property because they are similar to the subject property in location, age, building size and site coverage. The Board finds that the sale prices of these two comparables support the current assessment of \$689,500 (\$172.42/sf).

[24] The Board also finds that the subject property is assessed equitably with similar properties. The best equity comparables are the Respondent's comparables #3, #4 and #5 because they are very similar in location, age, site coverage and building size. These comparables are assessed \$181.58/sf, \$171.54/sf and \$169.58/sf. The subject is assessed at \$172.42/sf.

[25] Accordingly, the assessment is confirmed at \$689,500.

Heard commencing November 1, 2012.

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

Don Marchand, Presiding Officer

Appearances:

Tom Janzen

for the Complainant

Mary-Alice Nagy

Steve Lutes

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.