

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1889

Assessment Roll Number: 1075696
Municipal Address: 4771 94 Avenue 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 this matter.

Background

[2] The subject property is improved with a single tenant office/warehouse building containing a total of 9,616 square feet, including 1,199 square feet of main floor office space. The subject property is located at 4771-94 Avenue in the Eastgate Business Park of Southeast Edmonton. The building occupies 18.5% of the 51,882 square foot property. The subject building has an effective year built of 1980 and has been assessed for 2012 utilizing the Direct Sales Comparison Approach to valuation. It is noted that the 2011 assessment was reduced by the Assessment Review Board to \$1,449,000 or \$150.69 per square foot.

Issue

[3] Is the Market Value based on the Direct Sales 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, 15 pages) and argument for the Board’s review and consideration.

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

[7] The Complainant provided five sales comparables (C-1, p. 1) and third party data sheets (C-1, pp 7-11) for the Board’s review; these sales ranged from \$100 per square foot to \$158.56 per square foot (time adjusted sale price). The average time adjusted sale price of the five comparables was \$138.49 per square foot. Equity was not argued by the Complainant.

[8] The Complainant’s evidence confirmed that the time adjustment factors applied to the sales comparables in C-1 are the same factors used by the City of Edmonton (C-1, p. 6) in their assessment calculations.

[9] The Complainant indicated that the subject property’s 2012 assessment was on the basis of \$175.59 per square foot.

[10] The Complainant argued that sale comparables one, two, three and four (C-1, pp 7 -10) were the most reliable indicators of value for the subject property. These sales comparables had time adjusted per square foot sale prices of \$157.42, \$150.23, \$158.56 and \$126.26 respectively.

[11] The Complainant suggested that single user properties should be compared to the subject property rather than comparisons with multi-tenant properties.

[12] The Complainant provided the Board with a three-page document (C-1, pp 3-5) which represented a decision of a CARB hearing of a complaint on the 2011 assessment of the subject property. Based on evidence and argument heard by that Board, the 2011 assessment of the subject property was reduced from \$1,732,000 to \$1,449,000. The Complainant urged the Board to accept this decision as evidence that the subject property’s 2012 assessment is incorrect.

[13] In answer to questioning from the Respondent regarding the building size of the Complainant's sale one (the Respondent's sale number two), the Complainant expressed total confidence in data received from his third-party source.

[14] In summary, the Complainant requested the 2012 assessment of the subject property be reduced to \$1,350,000 based on \$140 per square foot.

Position of the Respondent

[15] The Respondent presented evidence (R-1, 33 pages), Law and Legislation (R-2, 44 pages) and argument for the Board's review and consideration.

[16] The Respondent outlined 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, total area of the main floor and amount of finished area on the main floor and developed upper area (R-1, p. 7).

[17] 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.

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

[19] The Respondent presented six sales comparables, all located in the southeast industrial area of the City (R-1, p. 18). These sales took place between January 2008 and April 2010. Site coverage ranged from 14% to 48%, compared to the subject's site coverage at 19%. The Respondent submitted that the time adjusted sales prices ranging from \$168.04 per square foot to \$197.41 per square foot, support the subject's assessment at \$175.15 per square foot.

[20] The Respondent questioned the reliability of the Complainant's sales comparable five, as the assessment department's validation process indicated there were related corporate directors on the seller and purchaser's board (R-1, p. 26). It was therefore considered a non-arm's length transaction.

[21] The Respondent indicated that all of his sale comparables were located in the same market area as the subject, and with an indicated time adjusted average sale price of \$179.66 per square foot, all can be relied upon to indicate market value for the subject property.

[22] The Respondent in his summation indicated that the Assessment Department validates and researches all sales, including his sale two, and they were satisfied that the building size and subsequent per square foot value, as indicated on page 20 of R-1, is correct.

[23] The Respondent acknowledged the CARB decision from a hearing held September 21, 2011. In response, the Respondent indicated that each year's assessment is independent, and prior year's assessments are not considered.

[24] In summary, the Respondent requested the Board confirm the 2012 assessment of the subject property at \$1,688,500.

Decision

[25] The decision of the Board to confirm the 2012 assessment of the subject property at \$1,688,500.

Reasons for the Decision

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

[27] The Board reviewed all sale comparables provided by both the Complainant and Respondent and finds it can rely on only some of the comparables put forward.

[28] The Board finds that the time adjusted sale price of the Complainant's sale number one, when adjusted to its proper size is \$178.11 per square foot, not \$157.42 per square foot. The Complainant's sale number two is improved with two buildings and not considered comparable to the subject, while the Complainant's sale number four has a substantially larger improvement than the subject (13,187 square feet versus 9,616 square feet).

[29] The Board finds that the Complainant's sale five represents a non-arm's length transaction, and only the Complainant's sale three is given consideration by the Board.

[30] The Board prefers the sales comparables put forward by the Respondent. The site coverages of these sales range from 14% to 21%, with the exception of sale four which exhibits 48% site coverage. The Board notes that all of the Respondent's sale comparables are located in the market area of the subject and all fall within a reasonable size range comparable to the subject.

[31] The Board places particular weight on the Respondent's sales which indicate a time adjusted sale price average of \$179.66 per square foot, compared to the subject's assessment at \$175.15 per square foot. The Board considers the current assessment fair, reasonable and correct.

Dissenting Opinion

[32] 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.