

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1890

Assessment Roll Number: 1106103
Municipal Address: 12720 149 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] At the outset of the hearings the parties indicated that they had no objection to the Board or its members. Each Board member indicated that they had no bias with respect to this matter.

Background

[2] The subject property is a multi-tenant office/warehouse complex with three buildings on the site, which were constructed in 1978, 1981 and 2007. The 1981 building is a 6,720 square foot (sq. ft.) shed, which is assessed at a nominal cost. The oldest building has a main floor of 15,700 sq. ft., including a main floor office of 3,011 sq. ft. and a finished mezzanine measuring 4,283 sq. ft. The newest building, constructed in 2007, has a main floor of 25,225 sq. ft. including a 2,790 sq. ft. office. The total site occupancy of the 257,373 sq. ft. lot on 149 Street, between the CN rail tracks and 128 Avenue is 16%. The subject property's assessment is \$7,230,500.

Issue(s)

[3] Is the Market Value, based on the Direct Comparison Approach to Value, correct for the main buildings and land?

[4] Is the assessment of the subject property fair and equitable, compared to similar properties?

[5] Is the Market Value, based on the Cost Approach to Value, correct for the out-building?

Legislation

[6] 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

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

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

[9] The Complainant presented the Board with a list of 10 sales comparables, which had been completed between June 2009 and May 2011. All but one of the sales had been of single-building properties, while the subject has three buildings on its site. The buildings were constructed between 1971 and 2002 and ranged in size from 10,089 sq. ft. to 54,555 sq. ft. By comparison, the subject, whose buildings were built in 1978, 1981 and 2007, has a total building size of 45,208 sq. ft. The site coverages of the comparables ranged from 15 – 50%, compared to the subject, which occupied 16% of its site. The time-adjusted sales prices (TASPs) of the comparables ranged from \$59.85 to \$132.63, compared to the assessment of the subject property at \$159.94.

[10] The Complainant told the Board that his sales 1, 2, 3, 7, 8 and 9 were the most comparable to the subject. The TASPs of these sales were \$87.44, \$132.63, \$93.13, \$96.31, \$87.40, and \$93.43 per sq. ft. respectively. These produced an average of \$98.39 per sq. ft.

[11] The Complainant also told the Board that of his comparables, sales 2 and 3 have lower site coverages, while sales 5 and 7 are similar in site coverage to the subject.

[12] The Complainant told the Board that the existence of the CN rail line on the southern edge of the property had an impact, limiting expansion potential to the north end of the site.

[13] The Complainant requested the Board to reduce the assessment to \$100 per sq. ft. for a total of \$4,525,000.

Position of the Respondent

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

[15] The Respondent outlined the mass appraisal methodology for valuing properties (R-1, pp 4 to 8) and stressed that the "factors found to affect value in the industrial warehouse inventory were: the location of the property, the size of the lot, age of the building, total area of the main floor, amount of finished area on the main floor as well as developed upper area" (R-1, p. 7).

[16] The Respondent indicated that the direct sales comparison approach to valuation produced the best indication of value for industrial buildings such as the subject property.

[17] The Respondent further stressed that the out-building located on the site was considered of minimal or no value and as a result was valued using the cost approach, which included the land under the subject material shelter as per the City of Edmonton assessment guidelines.

[18] The Respondent presented the Board with a chart of six comparable sales, the first two of which were single building properties, while the remaining four were multiple-building properties. The first three comparables were in West Edmonton, with one being in Winterburn, while the final three comparables were located in Southeast Edmonton. The site coverages of the properties ranged from 8 – 39%, compared to the subject's site coverage of 16%. The building sizes ranged from 19,893 sq. ft. to 68,460 sq. ft., compared to the subject's 45,206 sq. ft.

[19] The Respondent pointed out to the Board that the four multi-building comparables had sold for prices ranging from \$143.96 per sq. ft. to \$297.92 per sq. ft., which supported the assessment of the subject property at \$159.94 per sq. ft.

[20] The Respondent told the Board that he had adjusted the site coverage of the subject property on the chart of comparable sales, from 19% to 15%.

[21] The Respondent expressed concerns about two of the sales presented by the Complainant. He suggested that sale 1 was a duress sale and that sale 5 involved a partial interest sale between partners. As such, the Respondent stated both should be discounted by the Board.

[22] Under questioning by the Board, the Respondent agreed that his comparable 3 was better than the subject and that the trucking company which purchased the property had likely paid a premium for trucking access. He also added that the property had only 8% site coverage, which partially accounted for its assessment of \$297.92.

[23] In response to questions from the Board Chair, the Respondent acknowledged that the department's computer model assessed the land beneath the cost-building and agreed to provide the Board with the land charge which had been applied beneath the cost building.

[24] The Respondent subsequently provided the Board with information from the Assessment Department, which indicated that the land beneath the cost building had been appropriated at a cost of \$30,599.

Decision

[25] It is the decision of the Board to reduce the assessment to \$123 per sq. ft. for a total assessment of \$5,560,584 less \$29,000, which was the amount charged for the land beneath the cost building, rounded to \$5,531,500.

Reasons for the Decision

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

[27] The Board was of the opinion that the three multi-building comparables in Southeast Edmonton presented by the Respondent had to be discounted as they had little comparability to the subject. These comparables were in a totally different geographic area, which resulted in a higher assessment value. Further, these properties all had significant office space.

[28] The first of the Respondent's multi-building comparables, located at 17440 116 Avenue, was also dismissed from consideration. With a TASP of \$297.92, it had to be seen as an outlier.

[29] Only one of the Respondent's remaining comparables (number 2, located at 22507 112 Avenue in Winterburn) was comparable to the subject in site coverage. This property had an assessment of \$178.28.

[30] The Board was of the opinion that most of the Complainant's comparables could also be dismissed from consideration for similar reasons. These properties had site coverages ranging from 31 – 50%, compared to the subject's 15%.

[31] The Board considered the first three comparables presented by the Complainant as having site coverages within an acceptable range, such that they could be compared to the subject and considered in any calculations.

[32] The site coverages of the three were:

- i 11670 178 Street, with a site coverage of 26%, and an assessment of \$87.44 per sq. ft.;
- ii 17803 118 Avenue, with a site coverage of 15%, and an assessment of \$132.63 per sq. ft. and
- iii 14440 123 Avenue, with a site coverage of 18%, and an assessment of \$93.13 per sq. ft.

[33] The Board used the above four comparables (number 2 from the Respondent and comparables 1, 2 and 3 from the Complainant), which had similar site coverage ratios to the subject property, to calculate an appropriate assessment for the subject. The average assessment of the four most ideal comparable properties amounted to \$122.87, which the Board rounded up to \$123.00.

[34] Having reached this decision, the Board then reduced the overall assessment by \$29,000, which was the amount identified by the Respondent as the value placed on the land beneath the cost building for this particular property.

Dissenting Opinion

[35] There was no dissenting opinion.

Heard on October 17, 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.