

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1969

Assessment Roll Number: 8873630
Municipal Address: 8604 53 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 multi-tenant, office/warehouse complex comprised of two structures. Building one has a total area of 38,357 square feet (sq. ft.), including a finished mezzanine of 4,411 sq. ft. Building two is a single story with a main floor area of 13,828 sq. ft., which includes 9,076 sq. ft. of office. The combined area of the two buildings is 52,185 sq. ft. The subject property is located at 8604 53 Avenue in the McIntyre Industrial area of Southeast Edmonton. Building one was constructed in 1977 and building two was constructed in 1978. The property has been assessed for 2012 utilizing the Direct Sales Comparison Approach to valuation.

Issues

[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. As

Position of the Complainant

[5] The Complainant presented evidence (C-1, 16 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 seven sales comparables (C-1, p. 1) and third party data sheets (C-1, pp 3-7, 9 and 10) for the Board’s review. The time adjusted sale prices (TASP) of these sales ranged from \$86.67 per square foot to \$110.58 per square foot. The average TASP of these comparables was \$100.19 per square foot.

[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. 11) in their assessment calculations.

[9] The Complainant indicated that the subject property’s 2012 assessment was on the basis of \$97.28 per square foot.

[10] The Complainant argued that his sales comparables two, four and seven (C-1, p. 4, 6 and 10) were the most reliable indicators of value for the subject property. These sales comparables have TASP’s per square foot of \$91.36, \$104.96 and \$86.67 respectively. The indicated average of these three sales comparables is \$94.33 per square foot.

[11] In his summation the Complainant asked the Board to reduce the 2012 assessment to \$4,700,000 or \$90 per square foot.

Position of the Respondent

[12] The Respondent presented evidence (R-1, 36 pages), Law and Legislation (R-2, 44 pages) and argument for the Board’s review and consideration.

[13] 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).

[14] 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.

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

[16] The Respondent outlined to the Board the City's policy regarding Multi-Building Accounts (R-1, p. 29). In this process, "each building has been analyzed for its contributory value to the property. For such accounts, a single assessment has been produced that represents the aggregate market value of that particular property."

[17] The Respondent suggested that multi-building sites had greater sales potential than similar sites with only one building. However, when questioned by the Board for evidence to support this concept, response was limited.

[18] The Respondent presented seven sales comparables (R-1, p. 19), all located in the southeast industrial area of the City. Sales one, two, three and four were improved with one building and the remainder of the sales were improved with two buildings. There was no commonality between these sales and those presented by the Complainant. These sales took place between July 2008 and May 2011. The valuation date for the 2012 assessment is July 1, 2011. Site coverage ranged from 12% to 46%. The subject's site coverage is 40 %. The indicated TASP of the Respondent's sales 1-4 respectively are \$97.70 per square foot, \$112.48 per square foot, \$129.20 per square foot and \$122.27 per square foot. The Respondent suggested the average per square foot TASP of \$115.41 more than supports the subject's assessment of \$97.29 per square foot.

[19] The Respondent stated that all of the Complainant's sales comparables represented properties improved with one building, while the subject is improved with two buildings.

[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. 27). This sale was therefore considered a non-arms length transaction.

[21] The Respondent in his summation indicated that the Assessment Department validates and researches all sales prior to their inclusion in the model.

[22] In summary the Respondent requested the Board confirm the 2012 assessment of the subject property at \$5,077,000.

Decision

[23] The decision of the Board is to confirm the 2012 assessment of the subject property at \$5,077,000.

Reasons for the Decision

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

[25] The Board reviewed all sales comparables provided by both the Complainant and Respondent and finds it can rely on only some of these comparables. The Board, in considering the comparability of sales comparables provided by both parties, places considerable weight on those with good exposure to traffic arteries, such as the subject.

[26] The Board notes no commonality between the sales comparables presented by both parties.

[27] The Board considered the Respondent's stated methodology in assessing multi-building sites and questions the validity of this methodology as no clear evidence was offered in support.

[28] The Board reviewed all comparables provided by both the Complainant and Respondent and finds that the Complainant's sales four and seven and the Respondent's sales one and two were most comparable to the subject property. These comparables indicated time adjusted per square foot sale prices of \$104.96, \$86.67, \$97.70 and \$112.48 respectively:

- i. 9719-63 Avenue.: this property submitted as sales comparable four by the Complainant (C-1, p. 6), although slightly higher in site coverage (44% versus 40%), smaller in improvement size and newer than the subject, can be relied upon to indicate market value for the subject.
- ii. 4115-101 Street: this property submitted as sales comparable seven by the Complainant (C-1, p. 10) was sold in December 2010, it has the same site coverage as the subject (40%), is only slightly smaller in improvement size, and was constructed in 1978.
- iii. 5704-92 Street: this property submitted as sales comparable one by the Respondent (R-1, p. 20) has higher site coverage than the subject (46% versus 40%), is slightly older than the subject (1972 versus 1977/78) and its improvement is smaller (23,880 sq. ft. versus 52,185 sq. ft.).
- iv. 4004-99 Street.: this property submitted as sales comparable two by the Respondent (R1, p. 21) has higher site coverage than the subject (45% versus 40%) was three years older than the subject (1974) but has a smaller improvement (38,859 sq. ft. versus 52,185 sq. ft.).

[29] The average of the foregoing comparables indicates a time adjusted sale price of \$100.45 per square foot which supports the current assessment.

[30] The foregoing supports the 2012 assessment of the subject property at \$97.29 per square foot or \$5,077,000 (rounded) and the Board is of the opinion that this is fair, equitable and correct.

Dissenting Opinion

[31] There was no dissenting opinion.

Heard commencing 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.