

Edmonton Composite Assessment Review Board

Citation: Accent Financial Investments c/o CVG v The City of Edmonton, 2012 ECARB 2140

Assessment Roll Number: 10005451

Municipal Address: 11313 170 STREET 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

Darryl Menzak, Board Member

Judy Shewchuk, Board Member

Preliminary Matters

[1] Ms. Shewchuk noted that she had heard a complaint with respect to this property last year; however, she did not feel that she would be biased this year. Neither party objected to her participation in the CARB or to the participation of the other members. Neither of the other two CARB members had any bias toward this file.

[2] Each of the parties was sworn in prior to giving evidence.

Background

[3] The subject property is located in the Edmiston Industrial area in Edmonton. The parcel consists 24,379.776 square meters. On site are five buildings.

[4] Building #1 has a total of 35,364 square feet. It was built in 1972 and was added to in 1995 and 2002. It has an effective age of 1985 for assessment purposes. Included in building #1 is 13,246 square feet of main floor office space and 3,247 square feet of upper finished mezzanine space. Building #2, built in 1999, contains 19,466 square feet with 1,344 office space. Buildings #3, #4, and #5 were added in 1999, 2002, and 1993 respectively. Buildings #3 and #4 are portable buildings of 480 square feet each. Building #5 was built in 1993 and is described as a material storage building of 676 square feet.

[5] The assessment record indicates site coverage of 21%.

Issue(s)

[6] Is the 2012 assessment of \$8,365,000 fair and equitable?

Legislation

[7] 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.

[8] 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.

[9] 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

[10] 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

[11] The Complainant submitted into evidence a brief containing 26 pages (marked exhibit C-1) and rebuttals marked exhibits C-2, C-3, and C-4 containing assessments of the Respondent's sales and equity comparables.

[12] The Complainant took the position that the assessment is too high based on sales of similar properties. As well the 2012 assessment of \$8,365,000 is 20% higher than the 2011 assessment of \$6,957,500. The 2011 assessment was reduced as per the CARB Order dated September 29, 2011.

[13] The Complainant provided 10 sales comparables from the west end of the city. They range in size from 10,089 to 84,832 square feet and range in age from 1966 to 2002. The site coverage's range from 9% to 58%. The time adjusted sale prices (TASP) range from \$48.86 to \$132.63 per square foot.

[14] The Complainant placed most weight on the sale #1, #3, #4, #5, and #9 where the size range is 31,388 to 70,567 square feet and the age ranges from 1978 to 1989. The site coverage's range from 18% to 52% and the TASP range from \$59.85 to \$93.13 per square foot.

[15] The Complainant's comparables:

#	Address	Eff. Year	Site Cov.	Total Main	TASP/sq ft	Assmt/sq ft
S	11313-170 st	1985/95	22	58,079		\$144.03
1*	11771-167 St	1978	42	70,567	\$76.89	
2	17803-118 Ave	2000	15	15,426	\$132.63	
3*	11504-170 St	1981	52	55,475	\$70.10	\$79.71
4*	14440-123 Ave	1985	18	31,388	\$93.13	
5*	11603-165 St	1979	42	54,555	\$59.85	
6	11543-154 St	1966	9	84,832	\$48.86	
7	14345-123 Ave	1966	58	73,000	\$52.40	
8	14635-121a Ave	1965	33	41,349	\$61.67	
9*	15404-121a Ave	1989/06	31	50,797	\$90.70	
10	11848-152 St	2002	36	10,089	\$131.33	

[16] The Complainant stated that the assessments for the equity comparables were not filed with the complaint but are in response to the Respondent's equity disclosure. If they were retracted then there would be no rebuttal. The Complainant submitted rebuttals with the assessments of the sales comparables provided by the Respondent.

[17] The assessments for the Respondent's sales comparables in the Complainant's rebuttals indicate a range of \$89.36 to \$151.03 per square foot. The TASP for the comparables range from \$147.57 to \$199.45.

Respondent's Comparable	TASP per sq. ft. as per Respondent's submission	Assessments of Respondent's sales comparables
1*	\$153.11	\$89.36
2*	\$175.29	\$151.03
3	\$159.55	\$142.85

4*	\$199.45	\$135.51
5	\$178.28	\$117.79
6*	\$147.57	\$138.08

[18] The Complainant stated that the Respondent's equity comparables #2, #3, and #4 were all superior to the subject.

[19] The Complainant asked the CARB to reduce the 2012 assessment to \$100 per square foot for a total of \$5,800,000.

Position of the Respondent

[20] The Respondent submitted an evidence package containing 45 pages marked R-1.

[21] The Respondent submitted 13 sales comparables from the west and south side of the city with one and two buildings. Site coverage varied from 12% to 34% and the TASP ranged from \$136.93 to \$199.45. Building areas ranged from 9,232 to 38,732 square feet and the effective year built varied from 1959 to 2007.

[22] The Respondent's sales comparables:

#	Address	Eff Year	S C	Total Main	Office Finish	Mezz. Fin.	Total Area (incl. mezz.)	Off. %	TASP per sq ft
1	11836-142 St	1959	27	10,050	3,052		10,050	30.4	\$153.11
2	12261-163 St	1997	19	9,232	4,584		9,232	49.7	\$175.29
3	16831-107 Ave	1974	24	11,456	3,185		11,456	27.8	\$159.55
4	17633-114 Ave	2004	20	12,000	2,250	1,954	13,954	35.0	\$199.45
5	22507-112 Ave	2007	21	27,800	2,000		27,800	7.2	\$178.28
6	12150-154 St	1981	19	17,799	639	338	18,137	5.5	\$147.57
7	6111-56 Ave	1998	34	23,958	4,706		23,958	19.6	\$146.07
8	4810-93 St	1974	25	27,750	17,648		27,750	63.6	\$144.14
9	9330-45 Ave	1998	29	38,302	9,612	1,361	39,663	28.6	\$136.93
10	9204-37 Ave	1976	13	31,200	7,016	8,820	40,020	50.8	\$142.24
11	9651-25 Ave	1997/98	20	34,117	18,050	6,310	40,427	71.4	\$161.30
12	4350-68 Ave	1979/89	12	34,733	3,798		34,733	10.9	\$143.96
13	5015-76 Ave	1981/07	14	38,732	8,992	22,296	68,460	80.8	\$165.06
S	11313-170 St	1985/95	22	58,079					\$144.03

[23] The Respondent also submitted 6 assessment equity comparables with either 2 or 3 buildings and sizes of 27,618 to 59,491 square feet. The assessments ranged from \$149.07 to \$181.43 per square foot.

[24] The Respondent's equity comparables:

#	Address	Eff Year	S C	Total Main	Office Finish	Mezz Finish	Total Area (incl. mezz.)	Off. %	Assmt.	Assmt per sq ft
1	15825-118 ave	1994	15	36,010	9,549	6,849	42,859	45.5	\$7,270,500	\$169.64
2	11530-154 st	1977/08	18	34,317	5,488	3,830	38,147	27.2	\$6,921,000	\$181.43
3	10430-178 st	1979/92	10	59,491	12,879	6,217	65,708	32.1	\$10,376,000	\$157.91
4	17308-118 ave	2003/08	15	45,796	2,160	6,464	52,260	18.8	\$9,172,500	\$175.52
5	16740-121 ave	1998/00	27	27,618	2,920		27,618	10.6	\$4,117,000	\$149.07
6	14303-116 ave	1957/04	12	29,986	5,578	5,578	35,564	37.2	\$5,992,500	\$168.50

[25] The Respondent questioned some of the sales presented by the Complainant. More specifically the sale at 11771-167 St. had a sprinkler system added to the property. The sale at 17803-118 Ave is not comparable as there is a large canopy attached to the building and the current lease rate is below market. The sale at 11504-170 St required \$1,000,000 in renovations. The sale at 15404-121A Ave may not be an arm's length sale as there is a 50% interest acquisition.

[26] The Respondent also expressed concerns with the Complainant's sales comparables with respect to age, size and site coverage.

[27] The Respondent questioned the Complainant's use of incorrect sizes when calculating the assessments of the Respondent's sales comparables and submitted that the correct assessments were as follows:

Respondent's Comparable	TASP per sq. ft. as per Respondent's submission	Complainant's calculations of Assessments of Respondent's sales comparables	Respondent's calculations of assessments of Respondent's sales comparables
1*	\$153.11	\$89.36	\$124.48
2*	\$175.29	\$151.03	\$193.08
3	\$159.55	\$142.85	\$142.85
4*	\$199.45	\$135.51	\$180.92
5	\$178.28	\$117.79	\$117.79
6*	\$147.57	\$138.08	\$150.74

*The Parties used differing effective building sizes to determine the per sq. ft. rates.

Decision

[28] The 2012 assessment is revised to \$7,300,000.

Reasons for the Decision

[29] The Complainant's request for an assessment of \$5,800,000 is the same requested amount proposed in the 2011 complainant hearing. The 2011 assessment was revised to \$6,957,500.

[30] The Board gave more consideration to the multi-building sales over the single-building sales. The subject was built, renovated, and received an addition over several years. The two buildings are of differing vintages. The Respondent's sales # 10 to #13 are given most weight. Comparable #11 is similar in site coverage. The comparables # 10 to #13 are approximately 30% less in total size and downward adjustments are reasonable. The TASP of these comparables range from \$142.24 to \$165.06.

[31] The Board sets the revised assessment at a per square foot unit rate below the average of the Respondent's comparables #10 to #13.

Heard commencing October 25, 2012.

Dated this 28th day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Peter Smith

for the Complainant

Will Osborne

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.