

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 2146

Assessment Roll Number: 3517984
Municipal Address: 11735 108 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
James Wall, Board Member
Brian Hetherington, 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 is a single tenant office/warehouse building located in the central neighbourhood of Queen Mary Park. The improvement was constructed in the 1950s but its effective year built is 1978. The subject contains 26,885 square feet (sq. ft.) of area including 4,144 sq. ft. of office and it is in average condition. The subject has site coverage of 59% on the 45,531 sq. ft. site. The subject's 2012 assessment is \$2,047,500 and it was assessed using the Direct Sales Comparison Approach.

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, 14 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 8-12) for the Board's review. These sales indicated a time adjusted sales price (TASP) range from \$56.09 per square foot to \$73.58 per square foot. The average TASP of the five comparables is \$62.91 per square foot.

[8] The Complainant indicated that the time adjustment factors applied to the sales comparables in C-1 are the same factors used by the City of Edmonton (C1, p. 13) in their calculations.

[9] The Complainant indicated that the subject property's 2012 assessment was on the basis of \$76.15 per square foot.

[10] The Complainant stressed that sales comparables three and five (C-1, pp 10 and 12) were the most reliable indicators of value for the subject property. These sales comparables had TASPs of \$73.58 per square foot and \$61.57 per square foot respectively.

[11] In summation the Complainant made the following comments on the Respondent's sales comparables:

i. The Respondent's sale one enjoyed a superior location to the subject on a major traffic artery where retail uses are indicated.

ii. Five of the Respondent's six sales are considerably smaller in improvement size in comparison to the subject, some of them half the size.

[12] In summary, the Complainant requested the 2012 assessment of the subject property be reduced to \$1,747,500, based on \$65 per square foot.

Position of the Respondent

[13] The Respondent presented evidence (R-1, 34 pages), Law and legislation (R-2, 44 pages) and argument for the Board's review and consideration.

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

[15] 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.

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

[17] The Respondent presented six sales comparables (R-1, p. 19). Two properties were located in the northeast quadrant of the city and the remaining four were located in close proximity to the subject property. One property sold twice, once in January 2008 and again in November 2010. These sales took place between January 2008 and April 2011. Site coverage ranged from 44% to 79%, while the subject's site coverage is 59%. TASP's ranged from \$75.75 per square foot to \$117.92 per square foot, compared to the subject's assessment at \$76.16 per square foot.

[18] The Respondent questioned the reliability of the Complainant's sales comparable four, as the Assessment Department's discussions with the vendor and purchaser (R-1, p. 27) indicated the former was under financial duress prior to the completion of this sale.

[19] Upon questioning from the Board, the Respondent suggested that all of his sales comparables are reliable indicators of value for the subject, particularly sales comparables two, three, four and five, which are located in the general vicinity of the subject property. The average TASP of all his sales comparables is \$99 per square foot, well above the subject property's assessment at \$76.16 per square foot.

[20] In summary the Respondent requested the Board confirm the 2012 assessment of the subject property at \$2,047,500.

Decision

[21] It is the decision of the Board to confirm the subject property's 2012 assessment at \$2,047,500.

Reasons for the Decision

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

[23] The Board reviewed all comparables provided by both the Complainant and Respondent and finds that the Complainant's sale three and the Respondent's sales four and five were most comparable to the subject property:

- i. 14730-115A Avenue; this property submitted as sales comparable three by the Complainant was older than the subject (1961 versus 1978). It was similar in improvement size and its site coverage was lower than the subject (45% versus 59%). It is considered a good indicator of value for the subject property. Its TASP is \$73.58 per square foot.
- ii. 10566-114 Street; this property submitted as sales comparable four by the Respondent has higher site coverage than the subject (79% versus 59%), is similar in age, however its improvement size is much smaller than the subject (11,798 sq. ft. versus 26,885 sq. ft.). It is located in close proximity to the subject property and has a TASP of \$110.92 per square foot.
- iii. 10805-120 Street; this property submitted by the Respondent as sales comparable five had an effective year built of 1977 compared to the subject property's effective year built of 1978. It had lower site coverage than the subject (44% versus 59%) and it was 62% smaller than the subject in improvement size. Its TASP is \$107.16 per square foot.

[24] It is the Board's opinion that the subject property enjoys a somewhat unique location in terms of its proximity to the downtown core the City of Edmonton. The Board concludes that the best indicators of value for the subject property would be the Complainant's sales comparable three and the Respondent's sales comparables four and five, which are located in the general vicinity of the subject property.

[25] The three sales comparables (i, ii, and iii.) indicate an average TASP of \$97.22 per square foot. This more than supports the subject property's assessment at \$76.16 per square foot, which the Board finds to be fair and equitable.

Dissenting Opinion is

[26] There was no dissenting opinion

Heard on October 18, 2012.

Dated this 9 day of November, 2012, at the City of Edmonton, Alberta.

Warren Garten, Presiding Officer

Appearances:

Tom Janzen
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.