

Edmonton Composite Assessment Review Board

Citation: Scott Hill Investments Inc. c/o CVG v The City of Edmonton, 2012 ECARB 2149

Assessment Roll Number: 4251013

Municipal Address: 15253 121A AVENUE 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

John Braim, Board Member

Lillian Lundgren, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the Board. In addition, the Board members indicated that they had no conflict of interest in this matter.

Background

[2] The subject property is a single-tenant warehouse located at 15253 – 121A Avenue NW in the Mitchell Industrial neighborhood. The building consists of 65,713 square feet of which 5,943 square feet is office space. It has an effective year built of 1990. The lot size is 159,540 square feet with site coverage of 41%. The subject property is assessed at \$5,373,000.

Issue

[3] Is the subject property assessment correct?

Legislation

[4] 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.

[5] 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.

[6] 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

[7] 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

[8] The Complainant filed this complaint on the basis that the subject assessment of \$5,373,000 is in excess of market value.

[9] The Complainant argued that the following sales support a lower value than the current assessment. The sales are time adjusted using the City of Edmonton time adjustment factors.

Comp	Address	Age	Sale Date	Bldg Size/sf	Site Cov	Sale Price/sf
#1	11504 170 Street NW	1981	Aug 2009	69,209	52%	\$70.10
#2	11603 165 Street NW	1979	May 2010	54,555	42%	\$59.85
#3	14730 115A Avenue NW	1961	July 2010	29,201	45%	\$73.58
#4	14635 121A Avenue NW	1965	Oct 2010	41,349	33%	\$61.67
#5	13007 149 Street NW	1971	Dec 2010	25,200	50%	\$73.41
#6	17407 106 Avenue NW	1977	Feb 2011	46,294	37%	\$76.68
#7	14308 118 Avenue NW	1967	Apr 2011	22,323	38%	\$60.48
Subject	15253 121A Avenue NW	1990	N/A	65,713	41%	\$81.76(Asmt)

Note: Sale comparable #6 17407 106 Avenue NW was also used by the Respondent.

[10] The Complainant stated that the four best sale comparables are #1, #2, #3 and #6 based on the physical characteristics and location. The comparables are similar to the subject in building size and site coverage. They have an average sale price of \$70.00 per square foot which supports the requested assessment of \$75.00 per square foot.

[11] The Complainant also argued that the best sale is the sale used by both parties located at 17407 106 Avenue NW that sold for \$76.68 per square foot which is lower than the subject assessment of \$81.76 per square foot.

[12] The Complainant requested the Board to reduce the assessment to \$4,930,000 based on \$75.00 per square foot.

[13] The Complainant provided the following comments on the Respondent's sale comparable #5 located at 18403 104 Avenue NW. The building is demised into seven bays and Lee Valley Tools occupies 20,488 square feet of the total building area of 72,577 square feet. This is a retail use; and therefore, it is superior to the subject multi-tenant office/warehouse building. Further, sale #5 is newer and has lower site coverage than the subject.

Position of the Respondent

[14] The Respondent submitted that the subject assessment of \$5,373,000 is correct. In support of this position, the Respondent presented the following sale comparables which have been time adjusted to the valuation date of July 1, 2011.

Comp	Address	Sale Date	Effective Year Built	Total Bldg Area (sf)	Sale Price (sf)	Site Cov
#1	16295 132 Avenue NW	Jan 2008	1979	41,554	\$79.40	46
#2	12930 148 Street NW	Sept 2010	1972	44,101	\$95.24	34
#3	17407 106 Avenue NW	Feb 2011	1977	44,651	\$79.51	37
#4	11771 167 Street NW	June 2009	1978	68,815	\$79.10	41
#5	18403 104 Avenue NW	Sept 2009	2004	72,877	\$93.49	34
Subject	15253 121A Avenue NW	N/A	1990	65,713	\$81.76(sf)	41

Note: Sale comparable #3 17407 106 Avenue NW was also used by the Complainant.

[15] The Respondent argued that the subject assessment of \$81.76 per square foot falls within the range of the five sale comparables presented. The Respondent acknowledged that sale #5 is newer and has lower site coverage than the subject property; however, the subject is assessed for considerably less per square foot than the per square foot sale price of sale #5.

[16] The Respondent commented on the Complainant's sale comparables as follows. The Complainant's sale #1 has a total area of 69,209sf that includes 13,734 square feet of mezzanine space which would tend to reduce the average sale price per square foot. Sale #3 required renovations to the office space (6023sf) and roof repairs at time of sale. Sales #3, #4, #5 and #7 are not similar because they are significantly older than the subject property which was constructed in 1990.

[17] The Respondent noted that the sale located at 17407 106 Avenue NW sold for \$79.51 per square foot based on a total building area of 44,651sf. The Complainant presented the sale price as \$76.68 per square foot based on an area of 46,294 square feet reported by The Network. The Respondent submitted that this sale supports the subject assessment when adjusted for the differences in attributes that affect value.

[18] In summary, the Respondent submitted that the Respondent's five sale comparables provide a range of values that support the assessment. The Respondent requested the Board to confirm the assessment at \$5,373,000.

Decision

[19] The subject property assessment is confirmed at \$5,373,000.

Reasons for the Decision

[20] The Board reviewed the Complainant's evidence and argument and finds that the Complainant's sale comparables are not sufficiently similar to the subject property to demonstrate that the subject assessment is incorrect. For example, the sale comparables #3, #4, #5 and #7 tend to be much older than the subject property which was constructed in 1990. Sale #3 required office renovations and roof repair at time of sale which may have had a downward influence on the sale price. Sale #7 had a high vacancy indicating a higher degree of risk which may also have had a negative influence on the sale price.

[21] The Board agrees with the Complainant that the sale comparable #6 located at 17407 106 Avenue NW (used by both parties) is the best comparable. However, the Board agrees with the Respondent that this sale adjusted for differences supports the subject assessment.

[22] The Board also reviewed the Respondent's evidence and argument and finds that the Respondent's sale comparables #1, #2, #3 (used by both parties) and #4 are similar to the subject property. The Respondent's sale #5 located at 18403 104 Avenue NW is superior to the subject because it is fourteen years newer and has lower site coverage. The Board placed little weight on this comparable.

[23] The Respondent presented sales evidence for a range of properties that demonstrate that the subject assessment is correct. The subject per square foot assessment of \$81.76/sf falls within the range of per square foot sale prices of the sale comparables.

[24] Accordingly, the assessment is confirmed at \$5,373,000.

Heard commencing October 29, 2012.

Dated this 29th day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Peter Smith, CVG
for the Complainant

Mary-Alice Nagy, Assessor
Tanya Smith, Legal Counsel
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.