

## **Edmonton Composite Assessment Review Board**

**Citation: Scott Hill Investments Inc. c/o CVG v The City of Edmonton, 2012 ECARB 2160**

**Assessment Roll Number:** 9964194

**Municipal Address:** 7710 34 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**

**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 comprises a multi-tenant industrial office-warehouse property located in the Weir industrial district of south-east Edmonton. The building was constructed in 2002 and extends to a gross area of 50,020 sq ft including 14,155 sq ft of main floor office accommodation. It is located on 4.562 acres of IB zoned land to produce a site coverage ratio of 25%. The current assessment of \$7,173,500 was produced by the Direct Sales Comparison Approach to value and equates to a unit rate of \$143.41/ sq ft.

### **Issue(s)**

[3] Is the assessment of the subject property at market value?

[4] Is the assessment of the subject property equitable with similar properties in the area?

## **Legislation**

[5] 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.

[6] 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.

[7] 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

[8] 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**

- [9] The Complainant filed this complaint on the basis that the subject property had been assessed at a rate higher than market value and that the assessed rate was also higher than the assessed rate of comparable properties in the area.
- [10] The Complainant asserted that the subject property was located on a main roadway and in support of his main argument provided the Board with a chart of ten sales of single and multi-tenant warehouse properties located in the south east quadrant of the city that had sold between 2008 and 2011. The comparable sales ranged in age from 1974 to 2001; in size from 31,704 sq ft to 97,743 sq ft and had site coverage ratios (SCR) that ranged from 11% to 44%. The sales were all time adjusted to valuation day and produced unit values that ranged from \$71.73 per sq ft to \$141.77 per sq ft which is less, to substantially less, than the assessed rate. The assessed rates for these same ten sales was also provided and ranged from \$83.13 per sq ft to \$137.78 per sq ft which also supports a reduction in the assessment rate.
- [11] The Complainant stated that sales comparable #2 at \$71.73, comparable #5 at \$102.31, comparable #7 at \$82.62 and comparable #10 at \$100.27 were the most comparable in terms of location and that sales #2 at \$71.73, #3 at \$141.77, #6 at \$100.57 and #9 at \$109.52 were the most similar overall in terms of physical and location attributes.
- [12] In rebuttal of the Respondent's evidence the Complainant provided a chart of assessments for the five sale comparables provided by the Respondent. The chart clearly demonstrated that the assessment rates relating to the Complainant's sales were all less than the time adjusted sale prices and two, or three, of the five were substantially less.
- [13] In conclusion the Complainant considered a rate of \$120.00 per sq ft was the result of his analysis which would reduce the assessment to \$6,002,500.

### **Position of the Respondent**

- [14] In support of the assessment the Respondent provided a chart of five sales of industrial warehouse properties that were considered to be comparable to the subject. The sales ranged in age from 1974 to 2005; in size from 24,000 sq ft to 65,000 sq ft and had site coverage ratios that ranged from 25% to 39%. The sales were time adjusted to valuation day and produced unit values that ranged from \$136.93 per sq ft to \$146.07 per sq ft which clearly supports the assessment of \$143.41 per sq ft.
- [15] The Respondent also provided an equity chart to demonstrate that the subject property had been assessed equitably with other similar properties in the south-east industrial area. The comparables ranged in age from 1992 to 2008; in size from 28,950 sq ft to 44,920 sq ft and in site coverage from 18% to 33%. Although most of the equity comparables had proportionately less office space than the subject, the unit rates indicated a range from \$138.45 per sq ft to \$158.45 per sq ft which also clearly supports the assessment.

- [16] In rebuttal of the Complainant's sale #5 and #7 the Respondent provided information indicating that sale #5 was a retail plaza and could not be compared to the subject property, which is an industrial warehouse. With respect to the Complainant's sale #7 the Respondent stated that as a result of an inspection and discussion with the purchaser, this property had foundation and plumbing problems at the time of sale that the purchaser was aware of and the resulting sale price reflected the "fair" condition of that property at the time of sale.

### **Decision**

- [17] The decision of the Board is to confirm the 2012 assessment of \$7,173,500.

### **Reasons for the Decision**

- [18] The Board finds the evidence of the Respondent to be more meaningful than that provided by the Complainant. From the five sales provided four (#1, #3, #4, & #5) were found to be of similar age to the subject property. The four sales incorporated a relatively larger amount of office accommodation, like the subject property, and two of the sales had mezzanine offices that would also dilute the sale price per sq ft and as such put an upward pressure on the unit rates of \$136.93/ sq ft and \$139.31/ sq ft respectively. Although three of the four sales were smaller than the subject, and thus provided a downward pressure on the unit rate, the site coverage ratios were higher creating an upward pressure on the unit rate. Furthermore, comparable sale #5 was located in the north-west industrial district which, the Board was informed, is inferior to the south-east by the magnitude of between 5% and 10%, thus necessitating a further upward pressure on the unit rate of \$139.31/ sq ft.
- [19] With respect to the sales analysis the Board noted that the two parties had each utilized a common sale at 9330 – 45 Avenue. The Board noted that price per sq ft as calculated by the Respondent included the mezzanine office area and as a result was lower than the price calculated by the Complainant which excluded this area. The Board was informed the mezzanine office component diluted the unit sale price and concluded that this sale gave good support to the assessment, particularly after making adjustments for overall size and SCR.
- [20] The Board was also persuaded by the Respondent's equity approach wherein six properties were recorded that was similar to the subject in terms of the age range. The three comparables that were closest in size to the subject, all had a smaller proportion of office space which exerts an upward pressure on the unit rates. Two of three had the same SCR as the subject but one had a lower SCR which is superior and would provided a downward adjustment with the combined result that these equity comparables support the assessment. The other three equity comparables were substantially smaller than the subject and combined with a higher SCR also provide good support for the assessment. The net result of this equity analysis is the assessment of the subject appears to be at par with the comparables.

- [21] With respect to the equity analysis the Board noted that the two parties had also utilized a common property at 7603 McIntyre Road. The Board finds that this property is the most comparable property to the subject, but was unable to reconcile the conflicting unit values as calculated by the two parties. The Respondent's \$138.45/ sq ft provided some support for the assessment but the Complainant's figure of \$133. 72/ sq ft did not persuade the Board that the assessment should be reduced to \$120/ sq ft.
- [22] The Board placed less weight on the Complainant's sale comparables as they were mostly substantially older in age than the subject property and no evidence was provided to the Board to enable them to connect the unit rates with that of the subject property. The only property provided by the Complainant, that was of similar age to the subject was also utilized by the Respondent (C-1, page 1, sale #3). The sale at 9330 – 45 Avenue supports the assessment as noted above (Para. #15). The sale at 7603 McIntyre Road is similar in age, size and SCR and was used by both parties in the equity analysis. Similar comments apply to the equity analysis of the Complainant; the sales were mostly older and the site coverage ratios were mostly higher both of which exert upward pressure on the unit rates and no information was provided to enable the Board to reconcile the disparity.

Heard commencing October 31, 2012.

Dated this 29<sup>th</sup> day of November, 2012, at the City of Edmonton, Alberta.

---

Don Marchand, Presiding Officer

**Appearances:**

Tom Janzen  
for the Complainant

Mary-Alice Nagy  
Steve Lutes  
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.*