

Edmonton Composite Assessment Review Board

Citation: John C. Manning c/o CVG v The City of Edmonton, 2012 ECARB 2172

Assessment Roll Number: 1538552

Municipal Address: 11307 166A 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] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members indicated that they had no bias in the matter before them.

Background

- [2] The subject property comprises a multi-bay industrial office-warehouse property located in West Sheffield industrial district. The building was constructed in 1977 and extends to a gross main floor area of 99,771 sq ft including 3,835 sq ft of main floor office accommodation, plus an additional 14,437 sq ft of finished mezzanine offices for a gross building area of 114,208 sq ft. It is located on 4.60 acres of IM zoned land resulting in a site coverage ratio (SCR) of 49.73%. The current assessment was produced by the Direct Sales Comparison Approach to value and equates to a unit rate of \$55.72/ sq ft of total building area, or \$63.78/ sq ft of the main floor area. The assessment under complainant is \$6,363,500.

Issue

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

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's property assessment of \$6,363,500 is higher than market value.
- [9] The Complainant provided the Board with a chart of five sales of single and multi-tenant warehouse properties located in the north-west quadrant of the city that had sold between May 2010 and December 2011. The comparable sales ranged in age from 1956/69 to 1979; in size from 26,800 sq ft to 84,854 sq ft and had site coverage ratios (SCR) that ranged from 33% to 58%. The sales were all time adjusted to valuation day and produced sale values that ranged from \$52.40 per sq ft to \$63.64 per sq ft. The subject property has been assessed at \$55.72/ sq ft of total building area.
- [10] In response to questioning as to how a unit rate of \$50.00/ sq ft had been concluded from a range of \$52.40/ sq ft to \$63.64, the complainant stated that additional adjustments were required to his time adjusted sale prices to compensate for the differences in SCR, age and size when comparing each sale to the subject. For example, a 50% SCR was slightly better than a 55% SCR and a downward adjustment should be made to the unit rate; a smaller property would require a downward adjustment to when comparing it to a larger building as the economies of scale came into play; conversely an older building would require an upward adjustment to the rate when comparing it to a newer building.
- [11] In concluding his initial presentation the Complainant stated that considering the subject's size and high SCR a rate of \$50.00/ sq ft was considered reasonable, as a result of which the assessment should be reduced to \$5,710,500.

Position of the Respondent

- [12] In support of the assessment the Respondent provided a chart of six sales of industrial warehouse properties that were considered to be comparable to the subject. The sales ranged in age from 1961 to 2007; in size from 72,877 sq ft to 163,368 sq ft and had site coverage ratios that ranged from 28% to 54%. The sales were time adjusted to valuation day and produced unit values that ranged from \$81.37 per sq ft to \$139.31 per sq ft which supports the assessment of \$55.72 per sq ft.
- [13] As additional support for the assessed value the Respondent also provided the Board with an equity chart to demonstrate that the subject property had been assessed equitably with other similar properties. The five properties in the chart were reasonably similar in age, condition and total floor area as the subject. The gross main floor area of the equity comparables ranged from 112,916 sq ft to 142,575 sq ft each with main floor offices and three of the five also had mezzanine offices. The SCRs ranged from 46% to 55% and the assessed values equated to unit rates ranging from \$51.84/ sq ft to \$59.97/ sq ft which support the assessment of the subject property.
- [14] The Respondent provided rebuttal information with respect to the Complainant's sale #2 at 14345 – 123 Avenue to shown that it had been purchased at a discounted price. Discussion with the purchaser had revealed that the property required major roof repairs, at the time of purchase, estimated to cost \$850,000. The purchaser was aware of this and had discounted the price as a result.

- [15] The Respondent also drew attention to the Network note included with the Complainant's comparables #1 and pointed out that comparables #4 and #5 were sales after the valuation date and that they should be considered for trending purposes.
- [16] The Respondent requested that the assessment be confirmed.

Decision

- [17] The 2012 assessment is confirmed at \$6,363,500.

Reasons for the Decision

- [18] The Board gives consideration to the Complainant's sales as all are located in the North-West quadrant of the municipality; two had buildings are of similar age, the balance are older buildings and they generally have higher site coverage ratios, like the subject. They are all smaller to substantially smaller than the subject. The Board was informed downward adjustments were required for the smaller size properties, and upward adjustments for the older buildings. However no specific adjustment factors were provided by the Complainant to enable the Board to make the sales more meaningful. Although two of the sales were post facto the net result is that the time adjusted sale prices actually support the current assessment.
- [19] The Board also gave consideration to the evidence of the Respondent and gives less weight to four of the six sales as they are substantially newer than the subject building and no factors were provided that would enable the Board to adjust the square foot rates to the subject property. One sale was located in the south-east industrial district, was considerably older than the subject property but had a much lower SCR than the subject. Again no adjustment factors were provided to enable the Board to equate the two districts or compensate for the size differential or the lower SCR. Sale #5 of the Respondent is a good comparable sale in terms of SCR, time of sale, building size, age and condition. It, however has a much larger main floor office area than the subject, even though it had no finished mezzanine area. All the comparables have rates higher than the current assessment rate on the per square foot bases.
- [20] The Board finds that although equity was not an issue, the Respondent's evidence relating to the equity of the subject was meaningful and supports the assessment. The five equity comparables were of reasonably similar age; had higher SCRs, like the subject; were of reasonably similar size and were all located in the north-west industrial. The range of assessed values from these equity comparables supports the assessment.
- [21] In the absence of evidence to support a rate of \$50.00 per square foot as requested by the Complainant the Board finds the assessment to be reasonable based on the trend indicators and the equity comparables. The assessment is confirmed.

Heard commencing October 31, 2012.

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

Don Marchand, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Cam Ashmore
Mary-Alice Nagy
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.