

Edmonton Composite Assessment Review Board

Citation: Michele Warwa-Handel, APTAS v The City of Edmonton, 2013 ECARB 00811

Assessment Roll Number: 4277471

Municipal Address: 18104 105 AVENUE NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

Michele Warwa-Handel, APTAS

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Petra Hagemann, Presiding Officer

Pam Gill, Board Member

John Braim, Board Member

Procedural Matters

[1] The parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

Preliminary Matters

[2] There were no preliminary matters relating to this file.

Background

[3] The subject property comprises a multi-tenant Industrial Flex Building constructed in 2002 and located in the Wilson Industrial District of the North West. The building is a 5-bay office - warehouse of 12,548 sq ft that is leased to 3 tenants and is situated on an inner lot of 39,366 sq ft resulting in a site coverage ratio of 32%. The location is non-arterial and the lot is zoned IB. It has a main floor office area of 6,640 sq ft and is reported to be in average condition (Inspection June 19, 2012)

[4] The subject property has been assessed on the direct sales comparison approach method and the assessment of \$2,196,000 equates to a unit rate of \$175.00/ sq ft of building area.

Issue(s)

[5] Is the assessment of the subject property correct?

Legislation

[6] The *Municipal Government Act*, RSA 2000, c M-26, reads:

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

[7] The Complainant filed this complaint on the basis that the assessment of the subject property was much higher than the market value (C-1, page1). In particular the Complainant argued that both the direct sale comparison approach and the equity approach indicated that the assessed value was incorrect.

[8] The Complainant provided a chart of six sales comparables (exhibit C-1, page 8) located in the north-west industrial quadrant of the city that ranged in size from 23,750 sq ft to 75,777 sq ft. The land sizes ranged from 1.00 to 6.28 acres resulting in site coverage ratios ranging from 24% to 50%. The unit sale values were time adjusted to valuation day and ranged from \$95.20/ sq ft to \$132.00/ sq ft with an average of \$110.70/ sq ft. The assessments on these 6 sales ranged from \$91.98/ sq ft to \$132.93/ sq ft with an average of \$111.71/ sq ft. The six sales were then each adjusted for the differences, namely site coverage ratio and age, to make them similar to the subject property. After adjustment the 6 sales indicated a range in value for the subject property from \$102.12/ sq ft to \$136.60/ sq ft with the subject being assessed at \$175.00/ sq ft.

[9] The Complainant provided an additional chart of 14 equity comparables (C-1, page 21) from the north-west industrial area 6 of which were located on 105 Avenue very close to the subject property. The properties ranged in age from 1981 to 2004; in size from 11,127sq ft to 54,127 sq ft; finished office areas from zero to 46,215 sq ft and site coverage ratios from 32% to 52%. The unit assessments on the 14 sales ranged from \$85.45/ sq ft to \$159.52/ sq ft. The Complainant contended that 3 equity comparables #12 - #14 were currently being appealed and represented the higher end of the range, namely \$147.45/ sq ft to \$159.52/ sq ft with an average of \$152.72/ sq ft.

[10] The Complainant also provided a chart of 7 equity comparables used by the Respondent in the 2012 defence of an appeal on a property with, presumably, a similar site coverage ratio - 34% (C-1, page 37). The comparables ranged in age from 1999 to 2007; in size from 22,107 sq ft

to 27,592 sq ft with finished office areas 3,241 sq ft to 14,965 sq ft and had a site coverage ratio range of 28% to 40%. The 2013 assessments on these comparables ranged from \$129.61/ sq ft to \$155.45/ sq ft with an average of \$144.55/ sq ft.

[11] The second exhibit provided by the Complainant included a chart of 4 comparable sales (Exhibit C-2, page 11) that was extracted from the Respondent's disclosure from the 2012 hearing on the subject property. The Complainant had added a column that showed the 2013 assessments for the first 3 of the sales. The assessments ranged from \$126.70/ sq ft to \$190.91/ sq ft with an average of \$151.07/ sq ft. Additional supporting documents showed the time adjusted sale prices to July 1, 2012 for the 4 sales ranged from \$177.31/ sq ft to \$224.53/ sq ft.

[12] A second chart was included in the Complainant's exhibit also extracted from the Respondent's same disclosure from the 2012 hearing (C-2, page 16). This comprised the Respondent's equity argument to which had been added an extra column containing the 2013 assessments. The 2013 assessments ranged from \$158/ sq ft to \$178.80/ sq ft with an average of \$164.46/ sq ft. The Complainant contended that the two best comparables averaged \$163.15/ sq ft and supported an assessment reduction to \$2,047,369.

[13] The Complainant provided a third chart (C-2, page 23) entitled Sales/Assessment Values Drop compared to Sales Values from Year to Year. This chart comprised the comparable sales, again extracted from the Respondent's disclosure from the 2012, again with an additional column, that appeared to demonstrate that there was no correlation between the time adjustment process and successive annual assessments.

[14] The Complainant provided a fourth chart (C-2, page 27) that was a replica of the equity chart of the Respondent from the 2012 hearing again with an added column detailing the 2013 assessments. The average assessment was the same as chart #2 @ \$164.46/ sq ft but particular reference was made to comparable number #4 ?

[15] The Complainant argued that all 3 charts in exhibit C-1 clearly demonstrated that the subject property had been assessed higher than all of the comparable sales and equity comparables and requested a reduction of the assessment to \$1,916,330 or \$152.72/ sq ft.

[16] In rebuttal of the Respondent's comparable sales evidence the Complainant provided additional evidence to indicate that sale #4 was in a superior location fronting onto the Yellowhead Highway and was a mini-storage facility that was not comparable to the subject. Sale #5 was a two building project unlike the subject that consisted of only one building.

[17] In summary the Complainant stated that there was a wide variation between the assessment values and the values derived from the sales information.

Position of the Respondent

[18] The Respondent provided 3 comparable sales that were located in the north-west industrial district (Exhibit R-1, page 10) and were in a similar industrial group location, namely #17. The sales were comprised of buildings that ranged in age from 1988 to 2004; in size from 10,830 sq ft to 12,000 sq ft with main floor offices ranging from 2,250 sq ft to 4,584 sq ft and site coverage ratios ranging from 19% to 29%. The sales were time adjusted to valuation day and resulted in unit rates ranging from \$150.07/ sq ft to \$224.53/ sq ft with the subject falling within this range.

[19] The Respondent also provided a chart of 6 equity comparables (R-1, page 14) again located in the north-west industrial and in similar industrial group locations. The comparable properties ranged in age from 1997 to 2005; in size from 10,300 sq ft to 13,320 sq ft with finished main floor offices ranging from zero to 9,186 sq ft. The assessment unit rates ranged from \$153/ sq ft to \$195/ sq ft with the subject falling within this range. The Respondent contended that sale #2, #3 & #5 were the strongest indicators of value which support the assessment at an average value of \$174/ sq ft.

[20] By way of rebuttal of the Complainant's evidence the Respondent supplied additional sales information (R-1, page 23) indicating that the Complainant's comparable sale #3, sold November 30, 2012, was not only a post facto sale, but had subsequently sold January 29, 2013 for \$5,375,000 which equates to a unit rate of \$146.20/ sq ft before any adjustments were applied to make it comparable to the subject, including the time adjustment.

Decision

[21] The decision of the Board is to confirm the 2013 assessment of \$2,196,000.

Reasons for the Decision

[22] The Board placed less weight on the sales comparables of the Complainant as none were similar in size; the comparable sales ranged from 2 times to 6 times the size of the subject and 4 of the 6 sales were considerably older. These two factors alone would require considerable upward adjustments. The Board was not persuaded by the Complainant's process of adjusting the comparable sales as the net adjustments appeared to be only minor. Only one sale had a similar SCR (34%) but the building size was almost 6 times larger at 72,500 sq ft and this property would be of interest to an entirely different market than the subject property.

[23] The Board was not persuaded by the Complainant's argument with respect to the disparities between the time adjusted sale prices and the current assessments exhibited in the second brief (C-2). Although the Board recognizes the disparity, it does not persuade the Board that the assessment is incorrect.

[24] The Board was not persuaded by the equity argument of the Complainant wherein 14 comparable properties were provided. Only one comparable was of similar size the balance being 50% to 450% larger. The Board also noted that except for four properties, all the equity comparables were considerably older and would also require adjusting up to make them, similar to the subject. Comparable #13 was considered to be a good comparable to the subject and the Board was obliged to consider the equity argument of the Respondent.

[25] The Board was persuaded by the evidence of the Respondent with particular reference to the sales comparable evidence. The 3 sales were very close in building size to the subject and two of the sales were close in finished office areas at 40% +/- which would require small upward adjustment to make them similar to the subject property that has 53% of finished office space. The Board noted the site coverage ratio was lower on two of the sales which would also require an upward adjustment. Sale #6 was older which would again require an upward adjustment. Sale #4 would require an upward adjustment as it had exposure to the Yellowhead Highway but the Board noted it does not have direct access to the Highway. The net effect of all the adjustment would increase the average time adjusted unit rates values to over \$179/ sq ft which supports the assessment.

[26] The Board finds the Respondent's equity argument to be more convincing as the building sizes, ages and site coverage ratios were very close in size to the subject. The proportion of finished office space was similar (#1), superior (#6) or inferior (#2, #3, #4 & #5). Relative downward and upward adjustments would be required to the last two categories and the net result would be an upward trend. The average figure after adjustment gives some support to the assessment rate.

[27] In conclusion the Board finds the Respondent's sales approach to be the most meaningful indicator of value that is somewhat supported by the equity approach. Less weight was given to the Complainant's market and equity approaches as the comparable properties were much less comparable, in most cases, for the reasons noted above.

Dissenting Opinion

[28] There were none.

Heard commencing June 24, 2013.

Dated this 19th day of July, 2013, at the City of Edmonton, Alberta.



Petra Hagemann, Presiding Officer

Appearances:

Michele Warwa-Handel, APTAS
for the Complainant

Luis Delgado, Assessor
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.