

Edmonton Composite Assessment Review Board

Citation: AEC International v The City of Edmonton, 2013 ECARB 01375

Assessment Roll Number: 9959353

Municipal Address: 2311 96 Street NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

AEC International

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

George Zaharia, Presiding Officer

Howard Worrell, Board Member

Judy Shewchuk, Board Member

Procedural Matters

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members indicated no bias in the matter before them.

Preliminary Matters

[2] There were no preliminary matters.

Background

[3] The subject property is an industrial warehouse located at 2311 96 Street NW in the Parsons Industrial neighbourhood. The building comprises 30,095 square feet of main floor space that includes 6,370 square feet of main floor office space, plus 4,690 square feet of finished mezzanine space. The building has an effective year built of 1993, and is situated on a lot 138,170 square feet (3.17 acres) in size with site coverage of 22%.

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$5,380,000.

Issue

[5] Is the 2013 assessment of the subject property too high based on the assessments of similar properties?

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] In support of his position that the 2013 assessment of the subject property is excessive, the Complainant presented a 13-page brief (Exhibit C-1). The Complainant acknowledged that the subject had *seemingly been assessed at a reasonable estimate of market value*. However, the Complainant argued that based on an analysis of assessments of similar properties, the assessment of the subject property was too high.

[8] The Complainant submitted sales of seven comparable properties that occurred between September 2009 and June 2012 for time-adjusted sales prices (TASP) ranging from \$102 to \$176 per square foot, compared to the assessment of the subject at \$153 per square foot. The sizes of the comparables ranged from 30,370 to 38,308 square feet, compared to the size of the subject at 35,379 square feet. The site coverage ranged from 17% to 33%, compared to the site coverage of the subject at 22%. Three of the properties consisted of two and three buildings while the remaining four comparables consisted of one building, similar to the subject (C-1, page 9). The Complainant conceded that, based on the analysis of the sales of similar properties, the assessment of the subject property appeared fair.

[9] It was the Complainant’s position, however, that based on the assessments of the comparables, the subject was over-assessed. Utilizing the same comparables, the assessments ranged from \$76 to \$149 per square foot resulting in a median of \$140 per square foot, compared to the assessment of the subject at \$152 per square foot.

[10] In response to the Respondent’s argument that multiple building properties sell for higher prices because of economies of scale the Complainant calculated the median assessment of the single building properties to be \$130 per square foot.

[11] The Complainant requested that the Board reduce the 2013 assessment from \$5,380,000 to \$4,953,000 based on \$140 per square foot.

Position of the Respondent

[12] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 56-page assessment brief (Exhibit R-1) that included the law and legislation brief.

[13] The Respondent submitted information addressing mass appraisal which is a methodology for valuing individual properties using typical values for groups of comparable properties. Factors found to affect value in the warehouse inventory in decreasing importance are: total main floor area, site coverage, effective age, building condition, location, main floor finished area, and upper floor finished area. The Respondent also addressed multiple building accounts, where each building is analyzed for its contributory value to the property. (Exhibit R-1, pages 4 to 11)

[14] The Respondent stated that there were higher costs to construct multiple buildings, and that multiple building properties traded differently from single building properties. He suggested that *income generated from smaller bay sizes, associated with smaller buildings, are typically higher than larger spaces* (Exhibit R-1, page 8).

[15] The Respondent submitted four sales comparables which occurred between March 2009 and June 2012 for TASP ranging from \$162 to \$179 per square foot. The building sizes ranged from 18,137 to 40,427 square feet compared with the subject at 34,785 square feet. The site coverage ranged from 17% to 22% compared with the subject at 22%. The Respondent stated that this evidence supported the assessment of the subject at \$154.66 per square foot.

[16] The Respondent provided a review of the Complainant's seven sales comparables. None of the Complainant's seven comparables were located on major roadways south as is the subject. As well, due to variations in age and site coverage compared to the subject, all but one of the Complainant's comparables would require upward adjustments (Exhibit R-1, page 26).

[17] The Respondent carried forward the argument of previous files questioning whether there had been changes to the subject improvement from the date of sale to the date of valuation that would cause a discrepancy between the two values.

[18] In conclusion, the Respondent stated that the Complainant had not provided sufficient evidence to warrant a reduction and requested that the Board confirm the 2013 assessment of the subject property at \$5,380,000.

Decision

[19] The decision of the Board is to reduce the 2013 assessment of the subject property from \$5,380,000 to \$4,974,500.

Reasons for the Decision

[20] In support of his sales/equity comparables, the Complainant submitted aerial photographs of the properties, rather than detailed reports usually provided by third party sources. These third party reports include zoning, site size and site coverage ratio, building size, sale terms, description of the improvement(s), and a commentary of matters that may affect the value of the property. The aerial photographs lacked detailed information, were not instructive, and therefore of minimal value to the Board. However, the Respondent did include in his evidentiary package,

third party information, as well as City generated information, about the Complainant's comparables, so the Board did receive the necessary information to make an informed decision.

[21] Since the Complainant conceded that the assessment of the subject was a reasonable estimate of market value, the Board had to make a determination if the subject was assessed equitably.

[22] The Board placed greater weight on the sales/equity comparables submitted by the Complainant because they were close in building size to the subject, and the lot size, site coverage, and age of the subject fell within the range of the comparables. In its analysis, the Board did not consider the Complainant's comparable no. 1 since with an assessment of \$76 per square foot, that was much lower than the second lowest assessment at \$112 per square foot, the Board considered this comparable as an outlier. By removing the Complainant's comparable no. 1, the median assessment rose to \$143, the value that the Board selected to apply to the subject property.

[23] There was a discrepancy in building size between the records of the Respondent and the Complainant. The Board relied on the Respondent's records that had the total building size of the subject at 34,785 square feet. Applying the \$143 per square foot value to the 34,785 square feet of the subject, the resulting assessment is \$4,974,500 (rounded).

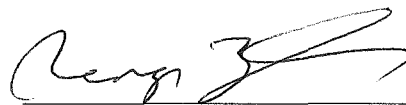
[24] Since the Respondent had provided sales comparables only, the Board was not presented with any assessment comparables to refute the Complainant's information.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard September 23, 2013.

Dated this 23rd day of October, 2013, at the City of Edmonton, Alberta.



George Zaharia, Presiding Officer

Appearances:

John Smiley
for the Complainant

Joel Schmaus
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.