

## **Edmonton Composite Assessment Review Board**

**Citation: AEC International v The City of Edmonton, 2013 ECARB 01383**

**Assessment Roll Number:** 3928652  
**Municipal Address:** 17620 105 Avenue NW  
**Assessment Year:** 2013  
**Assessment Type:** Annual New

Between:

**AEC International**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### **DECISION OF**

**George Zaharia, Presiding Officer**  
**Howard Worrell, Board Member**  
**Judy Shewchuk, Board Member**

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#### **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 17620 105 Avenue NW in the McNamara Industrial neighbourhood. The building comprises 10,687 square feet of total main floor space inclusive of 583 square feet of office space. The building has an effective year built of 1991, and is situated on a lot 97,061 square feet (2.2 acres) in size with site coverage of 11%.

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$2,274,500 (\$212.83 per square foot).

#### **Issues**

[5] Does the subject suffer from sufficient functional obsolescence to warrant a reduction in the 2013 assessment?

#### **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) containing a map and photos of the subject as well as a City of Calgary 2013 Property Assessment Table of Industrial Web Inventory (Improved). The Complainant argued that the subject suffered from functional obsolescence that warranted a reduction in the assessment.

[8] By way of a map, one aerial photo, and three ground level photos of the subject, the Complainant showed that the subject is situated on the outside of an L-shaped intersection with only one access onto the property. He argued that this limited access would have a considerable negative impact on the overall value of the property. He also argued that since one of the access points to the improvement falls on the property line, that that would impact the value if the property was sold separately from the adjoining property owned by the same owner. His position is that functional obsolescence is significant.

[9] The Complainant responded to the Respondent’s suggestion that the entrance onto the property could be enhanced by moving the fence, and the building that has one of its access points falling on the property line could be accessed through the overhead doors on the east side of the building, by stating that such reconfigurations would have significant cost and therefore negatively impact the market value of the subject.

[10] The Complainant submitted a chart of industrial properties in Calgary, highlighting a 25% adjustment for limited access applied to a Calgary property (Exhibit C-1, page 13) and suggested that the subject receive a similar adjustment. In rebuttal the Complainant submitted Exhibit C-2 containing 21 pages. The Respondent objected to pages 9 to 21 as not rebutting the Respondent’s evidence. The Complainant agreed to remove those pages, leaving pages 1 to 8 as the rebuttal document.

[11] The Complainant’s rebuttal evidence consisted of maps showing neighbouring properties in each direction of the subject. The Complainant argued that the subject was not “typical” as almost all of the neighbouring properties enjoy full exposure to at least one roadway while the subject does not.

[12] In conclusion, the Complainant requested that the Board reduce the 2013 assessment of the subject property from \$2,274,500 to \$1,706,000, based on a reduction of 25%.

### **Position of the Respondent**

[13] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 40-page assessment brief (Exhibit R-1) that included the City's law and legislation brief.

[14] 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 (Exhibit R-1, pages 5 to 12).

[15] In the mass appraisal section of his disclosure, there is a discussion of other adjustments that could be applied to properties to recognize various influences on the value of a property. There is an adjustment for "limited access" defined as "when the access to the property may affect value" (Exhibit R-1, page 11). The Respondent submitted that while an adjustment for limited access is possible, such an adjustment is not warranted in this case. The access to the property is adequate and the position of the building is discretionary. Furthermore, both could be remedied at minimal expense.

[16] The Respondent provided an overhead photo (Exhibit R-1, page 20) of a truly land-locked property which receives an adjustment of approximately 20% for limited access. In this case, the only access to the property is by easement across a neighbouring property. In other words it has no direct access to a road. He argued that the subject is not comparable to that property.

[17] In summary the Respondent argued that the Complainant had not met the onus of proving that either access or exposure to the property would negatively impact market value if the subject was to be traded, or that access to the building was not remediable.

[18] In conclusion, the Respondent requested confirmation of the 2013 assessment of the subject property at \$2,274,500

### **Decision**

[19] The decision of the Board is to confirm the assessment of the subject property at \$2,274,500.

### **Reasons for the Decision**

[20] The Complainant failed to provide any substantiated evidence that the limited access to, or exposure of, the subject property, and one of the accesses to the subject building falling on the property line, would have a negative impact on the market value of the subject, and cause significant functional obsolescence. As well, the Complainant failed to persuade the Board that access to the subject building, which falls on the property line, could not be easily and economically remedied by moving the overhead door to the east side of the building.

[21] The Complainant relied upon an adjustment that was made to a property with limited access in Calgary. The Board was not provided with any details as to why that property was given a 25% limited access reduction. As well, what may happen in another municipality has no bearing on what happens in the municipality where this Board has jurisdiction to make decisions about assessments.

[22] The Board was persuaded by the example of a property in Edmonton identified by the Respondent as having received a 20% reduction since the only access to this property from the road was via an easement across a neighbouring property. The subject property did not suffer this kind of limited access.

[23] The Board was persuaded that the 2013 assessment of the subject property at \$2,274,500 was fair and equitable.

**Dissenting Opinion**

[24] There was no dissenting opinion.

Heard September 26, 2013.

Dated this 23<sup>rd</sup> day of October, 2013, at the City of Edmonton, Alberta.



George Zaharia, Presiding Officer

**Appearances:**

John Smiley  
for the Complainant

Marty Carpentier  
Tanya Smith  
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.*