

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01396**

**Assessment Roll Number:** 9988724

**Municipal Address:** 9333 41 Avenue NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

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

Respondent

---

**DECISION OF**  
**Patricia Mowbrey, Presiding Officer**  
**Jack Jones, Board Member**  
**Jasbeer Singh, Board Member**

---

### **Procedural Matters**

[1] Upon questioning by the Presiding Officer, 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 issues before the Board.

### **Background**

[3] The subject is a single-tenant office/warehouse complex located at 9333 - 41 Avenue NW in Strathcona Industrial Park neighbourhood in southeast Edmonton. Built in 2000, the property consists of a 21,849 sq ft main building that has 5,194 sq ft of main floor finished office space and no upper finished space on the mezzanine level.

### **Issue(s)**

[4] Is the subject property assessed in excess of market value?

## Legislation

### **[5] 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**

[6] The position of the Complainant is that the subject property assessment of \$4,480,000 is in excess of market value. In support of this position, the Complainant presented a 16 page assessment brief (Exhibit C-1), testimonial evidence and argument.

[7] The Complainant provided a chart of seven sales comparable properties that were built between 1978 and 2001, ranged in site coverage from 10% to 26% and building sizes from 21,453 sq ft to 47,278 sq ft. The time adjusted sale prices varied from \$99.43 to \$181.42/ sq ft, (C-1, page 1). The subject property is shown below the table of the Complainant's seven sales comparables.

	Address	Year Built	Site Cover %	Total Area	Sale Date	TASP \$ / sq ft
1	12802 - 156 Str	1978	15	41,740	Jan-08	99.43
2	9111 - 41 Ave	1992	26	28,686	Mar-10	139.73
3	4350 - 68 Ave	1987	11	34,732	Aug-10	159.00
4	8803 - 58 Ave	1980	24	24,602	Sep-10	131.74
5	7603-McIntyre R	2001	25	44,000	Dec-10	109.78
6	7204/70 - 68 Str	1980	11	47,278	Apr-11	147.33
7	1810 - 66 Ave	1978	10	21,453	Aug-11	181.42
<b>Sub</b>	<b>9333 - 41 Ave</b>	<b>2000</b>	<b>17</b>	<b>21,849</b>		<b>205</b>

[8] The Complainant requested the Board to give greater weight to sales comparables #2, #3, #5, #6 and #7, as these had the most similarities with the subject, (C-1, page 2). During the hearing, however, the Complainant placed more reliance on sales comparables #2, #3, #5 and #6.

[9] The Complainant stated that the Respondent's sales comparables from the northwest industrial quadrant should be disregarded, leaving only three of the Respondent's comparables (#1, #2 and #5) before the Board. The Respondent's comparable #1 had slightly higher site coverage but its time adjusted sale price supported a reduction for the subject's 2013 assessment, (R-1, pages 19 and 21).

[10] The Complainant stressed that the Complainant's sales comparable #5 should be viewed as the best comparable property and requested the Board to reduce the assessment to \$170/ sq ft, or \$3,715,000 (C-1, page 2).

### **Position of the Respondent**

[11] The Respondent presented a 62 page document (Exhibit R-1) that included an assessment brief and a Law & Legislation brief.

[12] The Respondent's assessment brief included a chart of five sales comparables, (R-1, page 19). The Respondent's five sales comparables and the subject property with 2013 assessment of \$205/ sq ft are as follows:

	Address	Loc. Grp.	Year Built	Cover %	Main Flr	Main Floor Office	Upper Finish	Total Area	Cond.	Sale Date	TASP \$/ sq ft
1	6111-56 Ave	18	1998	34	23,958	4,706	0	23,958	Avg	Jul-08	158
2	9610-39 Ave	18	1997	29	15,000	3,378	0	15,000	Avg	Nov-11	187
3	22507-112 Ave	22	2007	21	27,800	2,000	0	27,800	Avg.	Feb-09	195
4	17633-114 Ave	17	2004	20	12,000	2,250	1,954	13,954	Avg	Apr-10	225
5	6670-53 Ave	18	2001	17	11,250	1,125	0	11,250	Avg	Oct-09	241
<b>Sub</b>	<b>9333 - 41 Ave</b>	<b>18</b>	<b>2000</b>	<b>17</b>	<b>21,849</b>	<b>5,194</b>	<b>0</b>	<b>21,849</b>	<b>Avg</b>	<b>Asmt</b>	<b>205</b>

[13] The Respondent stated that the most significant factors affecting value, in the order of importance were (R-1, page 8):

- |   |                                       |
|---|---------------------------------------|
| 1. Total main floor area (per building) | 5. Location                           |
| 2. Site coverage                        | 6. Main floor finished area           |
| 3. Effective age (per building)         | 7. Upper finished area (per building) |
| 4. Condition (per building)             |                                       |

[14] The Respondent stated that the Complainant's sales comparables needed adjustment in multiple dimensions and further argued that:

- a. Comparable #1 had been assessed on a cost basis as the buildings were due for demolition and therefore was not a valid comparable, R-1, page 20).
- b. Comparable #2 is eight years older than the subject and has 27% site coverage compared to the subject's site coverage of 17%. The lot size is 30% smaller than the subject's.

- c. Comparable #3 was vacant at the time of sale and the sale price could not be relied upon for comparison (C-1, page 5).
- d. Comparable #4 was a non-arms-length sale and could not be relied upon for market value comparability (R-1, pages 32-33).
- e. Comparable #5 is similar in location, age and condition but is nearly twice the size of the subject and has a higher site coverage of 25% compared to the subject at 17%. The lot size is comparable and if the additional value for excess land, similar to the subject, is added to the comparable, the sale price per sq ft value will be in excess of the subject assessment (R-1, page 20).
- f. Comparable #6 has an effective year built of 1976 which is 24 years older than the subject, and is assessed with four buildings on the site, one similar in size to the subject and three smaller buildings, compared with one building for the subject. Total building size of the comparable is 42,501 sq ft while the subject is 21,849 sq ft. This comparable is located on a parcel of land that is nearly 4 times the size of the subject's lot, with site coverage of 13% compared to the subject at 17% (R-1, page 20).
- g. Comparable #7 was a non-arms-length sale and could not be relied upon for market value comparability (R-1, pages 36-37).

[15] The Respondent stated that generally, industrial properties in the northwest quadrant sold for less than properties in the southeast quadrant of the City. Although the Respondent's sales comparables #3 and #4 are located in the northwest, they support the subject's assessment without a location adjustment.

[16] The Respondent requested the Board to confirm the 2013 assessment of \$4,480,000.

### **Decision**

[17] The Decision of the Board is to confirm the subject 2013 assessment at \$4,480,000.

### **Reasons for the Decision**

[18] The Board considered the Complainant's sales comparables and noted the following:

- a. Comparable #1 is comprised of 10 – 15 buildings, was assessed on a cost basis, and according to the Respondent, a demolition permit was in place for all the buildings, therefore the comparable is not suitable.
- b. Comparables #4 and #7 were questioned as non-arms-length sales and made their comparability suspect.
- c. Comparables #2 and #5 have higher site coverage than the subject and the building size of comparable #5 is twice the size of the subject which suggests an economy of scale for the larger building.
- d. Comparable #3 was vacant at the time of its sale and the impact on the sale price was not identified or quantified.

- e. Comparable #6 is dissimilar to the subject, as it has four buildings in total, 3 smaller buildings, 2,212 sq ft to 4,000 sq ft, and 1 larger building comparable in size to the subject.

[19] The Board reviewed the five sales comparables presented by the Respondent, (R-1, page 19), for comparability to the subject and noted the following:

- a. Comparable #1 was vacant at the time of sale and could not be relied upon for comparability with the subject or other income producing properties.
- b. Comparable #2 is similar in location and age but has a smaller building and lot size. It has considerably higher site coverage of 29% compared to the subject's 17%. Site coverage is listed as the 2<sup>nd</sup> most significant factor affecting value, therefore it is reasonable that the excess land available to the subject site has value.
- c. Comparable #3 is located in a less desirable location, is newer and 30% larger than the subject. It is located on a similar sized lot. This comparable is closest in comparison to the subject and at \$195/sq ft supports the assessment of \$205/sq ft of the subject property.
- d. The Respondent's sales #4 and #5 are of comparable age and condition, similar site coverage, but are smaller buildings, on sites one half the size of the subject site. Although the time adjusted sales prices are \$225/sq ft and \$241/sq ft respectively, they support the assessment as they reflect the economies of scale for smaller building sizes.

[20] Considering that the building size, site coverage and the age of the building were identified as the three most significant valuation factors in assessment, the Board finds that the Respondent's sales comparable #3, #4 and #5, provided support for the subject's assessment of \$205/ sq ft.

[21] The Board finds that the Complainant's evidence, testimony and argument did not provide sufficient and compelling reasons for the Board to reduce the assessment. Jurisprudence has established that the burden of proof of demonstrating an assessment is incorrect rests with the Complainant.

[22] The Board finds the subject 2013 assessment of \$4,480,000 is correct, fair and equitable.

**Dissenting Opinion**

[23] 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.

  
Patricia Mowbrey, Presiding Officer

**Appearances:**

Peter Smith  
for the Complainant

Jason Baldwin, City of Edmonton  
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.*