

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01399**

**Assessment Roll Number:** 9966518

**Municipal Address:** 9345 49 Street NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

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

Respondent

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### **DECISION OF**

**Patricia Mowbrey, Presiding Officer**

**Jack Jones, Board Member**

**Jasbeer Singh, Board Member**

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### **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 multi-tenant office/warehouse complex located at 9345 – 49 Street NW in Eastgate Business Park neighbourhood in southeast Edmonton. Built between 1978 and 1998, the property consists of three separate buildings. Building one was constructed in 1978. It measures 18,750 sq ft with 3,750 sq ft of main floor finished office space and an equal size (3,750 sq ft) of finished mezzanine space. The second building measuring 48,448 sq ft was constructed in 1988, is located at the rear of the property and received a rear property adjustment. It has no finished office space. The third building, constructed in 1998 measures 22,862 sq ft with 9,931 sq ft of main floor finished office space and no finished mezzanine space.
- [4] The total of all three buildings is 93,811 sq ft with 13,681 sq ft of main floor finished office space and 3,750 sq ft of finished mezzanine space.

[5] The Complainant appealed the 2013 assessment of \$10, 044,500 on the grounds that the assessment is higher than market value.

**Issue(s)**

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

**Legislation**

[7] *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**

[8] The position of the Complainant is that the subject property assessment of \$10, 044,500 is in excess of market value. In support of this position, the Complainant presented a 22 page assessment brief (Exhibit C-1), testimonial evidence and argument.

[9] The Complainant provided a chart of five sales comparables that were built between 1978 and 1979, ranged in site coverage from 27% to 48%, building sizes varied between 38,373 sq ft and 50,250 sq ft and the time adjusted sale prices varied between \$78.75 and \$94.61/ 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	323/39 - 97 Str	1979	33	39,774	Mar-08	89.72
2	3703 - 98 Str	1978	27	39,400	Mar-08	78.75
3	9333 - 49 Str	1978	48	50,250	Feb-09	78.89
4	3304 - Parsons Rd	1979	39	38,373	Jun-10	85.42
5	4115 - 101 Str	1978	40	44,994	Dec-10	94.61
<b>Sub</b>	<b>9345 - 49 Str</b>	<b>1988</b>	<b>43</b>	<b>93,811</b>		<b>107.07</b>

[10] The Complainant requested the Board to give greater weight to sales comparables #1, #2, #3 and #5, as these had the most characteristic similarities with the subject (C-1, page 2).

- [11] The Complainant stated that the Respondent's sales comparables from the northwest industrial quadrant should be disregarded leaving only two of the Respondent's comparables before the Board. The Complainant further argued that the Respondent's comparable sales #3 and #4 were portfolio sales and should not be relied upon to establish value for the subject.
- [12] The Complainant argued that the City's methodology for assessing multiple-building properties is flawed and referred to a 2012 CARB Board decision (C-1, page 15).
- [13] The Complainant advised the Board that a CARB reduced the subject's 2012 assessment to \$86.70/ sq ft for a total of \$8,134,000. The Complainant argued that the City of Edmonton adjustment factors table (C-1, page 10) indicated that there had been a 4% change in market prices and applying this to the previous year's final assessment of \$86.70 would result in a current year assessment of \$90/ sq ft for a total of \$8,440,000.
- [14] The Complainant stressed that the Complainant's sales comparable #3 was the best comparable before the Board, as it is located closest to the subject, is a multi-building property and supports a reduction in the subject's assessment.
- [15] The Complainant requested the Board to reduce the subject property's 2013 assessment to \$8,440,000.

### **Position of the Respondent**

- [16] The Respondent presented to the Board a 39 page document (Exhibit R-1) that included an assessment brief and a Law & Legislation brief.
- [17] The Respondent's brief included a chart of four multi-building sales comparables. The comparables and the subject property with 2013 assessment of \$107/ sq ft are as follows:

	Address	Loc. Grp.	Year Built	Site Cover %	Total Main Flr	Main Floor Office	Upper Finish	Total Area	Cond.	Sale Date	TASP \$/ sq ft
1	16304 - 117 Ave	17	1977	43	112,594	7,234	0	112,594	Avg	Apr-11	85
	Building #1		1977		41,295						
	Building #2		1977		71,309						
2	4704 - 97 Str	18	1979	44	59,655	25,930	0	59,655	Avg	Aug-11	101
	Building #1		1979		30,714						
	Building #2		1979		28,939						
3	9503 - 42 Ave	18	1978	36	63,093	24,636	0	63,093	Avg	Apr-12	113
	Building #1		1978		29,019						
	Building #2		1978		34,072						
4	16104 - 114 Av	17	1993	34	65,600	13,907	1,120	66,720	Avg	Jan-12	115
	Building #1		1977		28,607						
	Building #2		2006		36,991						
<b>Sub</b>	<b>9345 - 49 Str</b>	<b>18</b>	<b>1988</b>	<b>43</b>	<b>90,060</b>	<b>13,681</b>	<b>3,750</b>	<b>93,811</b>	<b>Avg</b>	<b>Asmt</b>	<b>107</b>
	Building #1		1978		18,750						
	Building #2		1988		48,448	Rear Building Adjustment					
	Building #3		1998		22,863						

[18] 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)
2. Site coverage
3. Effective age (per building)
4. Condition (per building)
5. Location
6. Main floor finished area
7. Upper finished area (per building)

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

- a. The Complainant's sales comparables are much smaller than the subject in building size, with none of them being more than half the size of the subject. As a result, they cannot be relied upon to provide true comparison.
- b. The lot sizes in respect of the Complainant's sales comparables are small, with the largest one being less than three-quarters the subject's lot size.
- c. Four of the five sales comparables presented by the Complainant have substantially more finished space on the mezzanine level than the subject.
- d. All five of the Complainant's sales comparables were built between 1969 and 1979, whereas the average age of the buildings in the subject property is 1988.

[20] In response to the Complainant's suggestion to use the last year's assessment as the base for the current year assessment, the Respondent highlighted the provisions in the legislation that clearly state that each year's assessment is independent and not based on any prior assessments.

[21] The Respondent further argued that a proper analysis of the previous year's CARB decision (C-1, pages 11-16) would clearly indicate that the Board's decision to lower the 2012 assessment was not based on its rejection of the City's multi-building assessment methodology or the application of the rear building adjustment but on an evaluation of different sales comparables placed before the Board at that time.

[22] In summation, the Respondent stated that generally the industrial properties in the northwest quadrant sold for less than properties in the southeast quadrant of the City. Although some of the Respondent's sales comparables are located in the northwest, they support the subject assessment.

[23] The Respondent argued that as evident from an analysis of the Complainant's sales comparables, all of the sales are not good comparables and require upward adjustments before being applied to establish value for the subject property.

[24] The Respondent requested the Board to confirm the 2013 assessment of \$10,044,500.

## **Decision**

[25] The decision of the Board is to reduce the subject's 2013 assessment to \$90/ sq ft or \$8,440,000.

## **Reasons for the Decision**

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

- a. The Complainant's sales comparables are much smaller in building and lot size than the subject. They are also much older than the subject as they were built between 1969 and 1979 whereas the effective year built for the subject is 1988.
- b. A larger area of finished space on the mezzanine level added to the total building area, without a comparable addition to cost, diluted the per sq ft sales price of the Complainant's sales comparables.
- c. However, the Board found that the Complainant's sales comparable #3, located on the same street as the subject provided a good comparison in terms of location, site coverage, multiple-building attribute, rear building adjustment to one of the buildings, proportionate finished office space and proportionate lot size. The Board found that the smaller building size could be adequately offset with being 11 years older.
- d. The Board noted that the assessment of \$79/ sq ft for sales comparable #3 provided support for a reduction in the subject assessment of \$107/ sq ft.

[27] The Board reviewed the five sales comparables presented by the Respondent and noted the following:

- a. Sales #1 and #4 are from a different industrial group location in the City and could not be relied upon to provide basis for evaluation of the subject property.
- b. The Board noted that the Respondent's sales comparables #3 and #4 had been questioned as part of portfolio sales and the allocated sales prices may not reflect the market value for the respective properties.
- c. The Board observed that the Respondent's sales comparable #2, with comparable location and site coverage, although 9 years newer and a third smaller than the subject property, could provide meaningful and reliable comparison. The Board noted that its time adjusted sales price of \$101/ sq ft needed to be adjusted downwards to account for significantly larger finished main floor office space but nonetheless, it provided reason to question the subject assessment at \$107/ sq ft.

[28] The Board placed greatest weight on the Respondent's sales comparable #2 and the Complainant's sales comparable #3 to conclude that a reduction to \$90/ sq ft for the subject assessment is appropriate.


[29] The Board finds a reduced 2013 assessment for the subject from \$10,044,500 to \$8,440,000 is correct, fair and equitable.

**Dissenting Opinion**

[30] There was no dissenting opinion.

Heard on September 27, 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.*