

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01524

Assessment Roll Number: 5247507

Municipal Address: 12621 VICTORIA TRAIL

NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Larry Loven, Presiding Officer

Brian Frost, Board Member

Martha Miller, Board Member

Procedural Matters

[1] The parties to the hearing did not indicate any objection to the composition of the Board. Further, no bias or conflict of interest with respect to this matter was expressed by the members of the Board.

Preliminary Matters

[2] There were no preliminary matters.

Background

[3] The subject property is a commercial retail property, located at 12621 Victoria Trail. It is in the Gas Related/Auto Service group. The lot size is 67,591.265 square feet. The buildings, built in 2011, include a gas station with a mini mart, a service area canopy and a fast food restaurant with a total gross area for the structures of 7,686.7 square feet. Site coverage is 11.37%. The subject property was valued using the cost approach and includes a minor adjustment for shape influence. The 2013 assessment for subject property is \$2,727,000.

Issue(s)

[4] Is the land assessment for subject property correct when compared to land sales of similar properties?

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 Complainant presented an eleven page disclosure document, Exhibit C-1 (C-1), in support of their request to reduce the assessment for the land portion of the subject property.

[7] The 2013 assessment for the land only of the subject property is \$1,030,769 and the Complainant requested the land assessment be reduced to \$878,683. This figure, added to the building value for subject property of \$1,696,650, results in a reduced total for the 2013 assessment of \$2,575,000 (rounded).

[8] The Complainant provided the Board with four land sales comparables for the subject land (C-1, p. 1). There were no time adjustments given by the Complainant for the sales comparables, as the Respondent’s table shows a 1.0 factor for the period between the sales dates and the valuation date (C-1, p. 11).

[9] The sales comparables for the subject range in size from 1.50 acres to 2.99 acres as compared to subject land at 1.552 acres. The assessment per square foot for the subject land is \$15.25 per square foot, and the sales comparables range from \$13.00 per square foot to \$15.80 per square foot.

[10] The Complainant drew the Board’s attention to the shape of the sales comparables. Sales comparables #1, #2, and #3 were shown to have generally rectangular shapes; whereas, sales comparable #4 was shown to have an irregular “L” shape. Comparatively, the subject land was shown to have a relatively narrow triangular shape, which was argued by the Complainant to limit its potential for development (C-1, p. 2).

[11] Sales comparable #2, the Complainant noted, was in a superior neighborhood to subject property. The remaining three sales comparables #1, #3 & #4 are located in the north east area of the city, similar to that of the subject property.

[12] The Complainant argued for a shape adjustment for subject. A downward adjustment of 10% was applied to sales comparables #1 and #3. Both are rectangular in shape, and their

market value per square foot, with the downward adjustment, is \$13.40 and \$12.44, respectively. Sales comparable #4 is irregularly shaped, and has a sales value of \$13.00 per square foot.

[13] The shape adjustment sales value for the subject appears to be fair value at \$13.00 per square foot, the Complainant argued.

[14] In summary, the Complainant argued the subject property is fully developed and, at 11% site coverage, is well below the average for similar properties, at 25% site coverage. The Complainant stated the sales comparables presented are current, have been adjusted for the subjects land's irregular shape, and support the reduced assessment for subject property.

[15] The Complainant concluded by requesting the 2013 assessment for the subject property be reduced to \$2,575,000.

Position of the Respondent

[16] The Respondent provided an evidence brief in support of their request to confirm the 2013 assessment of the subject property, Exhibit R-1 (R-1), containing 39 pages.

[17] The Respondent stated, the subject property is a Commercial Retail Property, in the subset Gas Related/Auto Service, and is valued on the Cost Approach for assessment purposes (R-1, p. 23).

[18] The Respondent provided the Replacement Cost Detail Report for subject property with five buildings listed as follows: fast food restaurant; gas station/ mini-mart; canopy; tanks; and, a storage building. The replacement cost, less depreciation, for the total of the five site components was given as \$1,702,498. The land assessment was given as \$1,030,769, and the final assessment as \$2,727,000 (R-1, p. 7).

[19] The Land Detail Report for subject property, provided by the Respondent, showed a lot size of 67,591.265 square feet and a minor adjustment for shape influence (R-1, p. 8).

[20] The Respondent re-charted the Complainant's sales comparables with comments (R-1, p. 11). The Respondent stated the Complainant's sales comparable #1, with a sale price of \$14.89 per square foot, was part of a multi parcel sale. The Respondent questioned the potential negative impact on value, as this sales comparable had restrictive covenants and was a former service station site (C-1, p. 7).

[21] The Complainant's sales comparable #2, at \$15.80 per square foot, was considered by the Respondent to be a superior location to the subject property. The Respondent questioned this sales comparability, as it was zoned for office/mixed use (non-retail) with two utility rights of way (C-1, p. 8).

[22] The Respondent confirmed that the Complainant's sales comparable #3 was part of a multi parcel sale and questioned the impact on value of the restrictive covenant (C-12, p. 9).

[23] The Respondent stated the Complainant's sales comparable #4 was an "L"-shaped lot. Although this sales comparable has an irregular shape, the Respondent argued its comparability is negatively impacted by utility rights of way and a restricted covenant (C-1, p. 10).

[24] The Respondent provided eight sales comparables from the same area (R-1, p. 12). Five of the sales comparables sold in 2006, and three from 2010 to 2012. The sales comparable located at 14339 - 50 Street is zoned, CBN2, as is the subject property. The Board notes, this sales comparable is more than twice the size of the subject property.

[25] The Respondent's sales comparables varied in lot size from 32,388 square feet to 171,548 square feet, compared to the subject property at 67,591 square feet.

[26] The Respondent's land sales comparables time adjusted sales price (TASP) per square foot averaged to of \$18.71, with a median of \$18.40. The subject property was assessed at \$15.25 per square foot, for land only.

[27] In summary, the Respondent argued: the subject property has a minor adjustment for shape influence as indicated on the land detail report; its eight vacant land sales comparables were located on the north side, the same as the subject property; noted a lack of vacant land sales in the area; and, the median time adjusted sales price per square foot of \$18.40 per square foot is greater than the assessment per square of the of the land only at \$15.25 per square foot.

[28] In conclusion, the Respondent requested the Board to confirm the 2013 assessment for subject property at \$2,727,000.

Decision

[29] It is the decision of the Board is to reduce the 2013 assessment of the subject property from \$2,727,000 to \$2,575,000.

Reasons for the Decision

[30] The Board understands that the only issue argued by the Complainant was that of the value of the land portion of the property, as the Complainant did not argue the value of the buildings nor the Cost Approach method on which the buildings were assessed.

[31] The Board finds that the Respondent's land sales comparables, all located in the northeast quadrant of the City of Edmonton, were mostly zoned CNC, six were dated from 2006 and all sold for from \$2.00 to \$6.25 per square foot greater than the assessed value per square foot of the subject property. However, the Board was given little further information on which to rely regarding the possible variance between the value of CNC zoned land versus that of CB2 of the subject property. Nor, was the Board provided with any further information on which it could rely regarding the influence of shape on the value of the Respondent's sales comparables.

[32] The Board recognizes that the subject property's lands were assessed a minor shape influence due to the narrow triangular shape of the subject property. The Board was provided with little information regarding the negative effect on value regarding the minor shape effect on the value of the subject property, other than the suggestion that was perhaps in the range of 10%.

[33] The Board further understands that the site coverage for the subject property is approximately 10%, whereas normal for this type of development is approximately 25%. Furthermore, this was not argued by the Respondent. Based on the Board's examination of the photographs and maps of the subject property, it appears – given the shape of the subject

property – the highest and best use of the lands has been achieved; that is, the lands have been fully developed. Or conversely, if the lands had been more rectangular shaped, there is no reason to believe that a more “typical” site coverage of 25% would not have been achieved.

[34] Regardless of zoning and lot size of the Respondent’s sales comparables, if their shape restricted development to less than 50% of that achievable on a more irregular shaped lot then would it be reasonable to expect the land to be proportionally less valuable? Perhaps not, but the Complainant’s comparables demonstrate to the Board that lands negatively impacted by a combination of location, shape and restrictive covenants may be valued at 10% less or more.

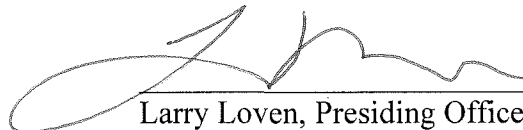
[35] Based on its consideration of the foregoing findings, the Board concludes that although the subject land is assessed a minor effect for shape, the negative influence of its shape supports the requested land value of \$13.00 per square foot, or \$878,683. Adding the building value of \$2,575,333 to this amount results in a reduced assessment for the subject property of \$2,575,000.

Dissenting Opinion

[36] There was no dissenting opinion.

Heard commencing October 3, 2013.

Dated this 30th day of October, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Gail Rookes
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.