

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01554

Assessment Roll Number: 1523042

Municipal Address: 16311 117 AVENUE 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 Hetherington, Board Member

Dale Doan, Board Member

Procedural Matters

[1] 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] No preliminary matters were raised by the parties.

Background

[3] The subject property is an industrial warehouse building, totaling 179,019 square feet on an 8.750 acre lot. It was built in 1975 with a site coverage of 47%. It is located in the Norwester Industrial Neighbourhood.

Issue(s)

[4] Is the assessment of the subject property correct in market value and in equity?

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 submitted a 19 page disclosure, Exhibit C-1, in support of their position that the 2013 assessment of the subject property was incorrect in market value and in equity.

[7] The Complainant provided five sales comparables summarized as follows:

#	Address	Sale Date	Main Floor Area	Bldg #	% Site Cover	Eff Age	Location	Main Floor Finish	Total Bldg Area
1	2103 64 Ave	May-09	252,435	1	41	2001	20	4%	259,981
2	14604 134 Ave	Sep-09	114,037	2	38	1979	17	5%	115,318
3	11340 120 St	Jan-10		2	30	52/74			79,188
4	12810 170 St	Apr-10	399,987	1	39	2008	17	4%	399,767
5	16815 117 Ave	Nov-11	74,341	1	58	1980	17	22%	84,454
Sub	16311 117 Ave		178,373	1	47		17	8%	179,019

Note: For comparative purposes, italics indicate data provided by the Respondent.

[8] The Complainant also provided adjustments based variances from the subject property in terms of building size, site coverage and effective age, summarized as follows:

#	Address	TASP / Sq Ft (Total)	Assessed / Sq ft (Total)	Adjust / Sq Ft (Total)	Adjusted TASP / Sq Ft (Total)	Adjusted Assessed / Sq Ft (Total)
1	2103 64 Ave	\$74.95	\$75.50	-25%	\$56.21	\$56.63
2	14604 134 Ave	\$77	\$75.89	-15%	\$64.51	
3	11340 120 St	\$43.58	\$48.04	-10%	\$43.24	
4	12810 170 St	\$88	\$78.37	-30%	\$54.86	\$51.64
5	16815 117 Ave	\$60	\$63.64	0%	\$63.64	\$66.79
Sub	16311 117 Ave		\$108.88			

Note: For comparative purposes, italics indicate data provided by the Respondent.

[9] Based on the Complainant's analysis of these sales and assessments to the subject property the Complainant considered a base year market value of \$55 per square foot or \$9,846,045 to be reasonable.

[10] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$9,846,000.

Position of the Respondent

[11] The Respondent submitted a 59 page disclosure, Exhibit R-1 containing an industrial warehouse brief, pictures, maps, a profile report, complainant issues, comparable sale, equity comparables, additional evidence, a conclusion and law brief.

[12] The Respondent's *City of Edmonton's 2013 Industrial Warehouse Assessment Brief* listed the factors affecting the value in the warehouse inventory, stated in declining importance, as: total main floor area, site coverage, effective age, condition, location, main floor finished area, and upper finished area.

[13] The Respondent submitted a chart containing four sales comparables summarized in the table below:

#	Address	Sale Date	Main Floor Area	% Site Cover	Eff Age	Location	Main Floor Finish	Total Finish	TASP / Sq Ft (Total)
1	3850 98 St	Aug-11	281,056	45	1978	18	10%	23%	\$67
2	14604 134 Ave	Sep-09	114,037	37	1979	17	5%	5%	\$77
3	16504 117 Ave	Apr-11	112,594	43	1977	17	6%	6%	\$85
4	17915 118 Ave	Mar-11	135,566	46	1977	17	18%	18%	\$88
Sub	16311 117 Ave		178,373	47	1975	17	8%	9%	\$59

[14] The Respondent's chart indicated that its sales comparable #1 required an overall upward adjustment, and #2, #3 and #4 all required a downward adjustment. The Respondent also included a chart of the Complainant's sales comparables ranked according to increasing TASP per square foot. This chart indicated that the Complainant's sale comparables all required some adjustments; and #3 was a non-arms length sale. The Board noted that the Respondent's sales comparable #2 is the same as the Complainant's sales comparable #2.

[15] The Respondent submitted a table of five equity comparables summarized as follows:

#	Address	Main Floor Area	Bldg Count	% Site Cover	Eff Age	Location	Main Floor Finish	Total Finish	Assmt / Sq Ft (Total)
1	16231 116 Ave	261,237	1	62	1982	17	5%	5%	\$52
2	14810 131 Ave	258,730	1	52	1978	17	2%	2%	\$53
3	11708 167 St	193,893	1	42	1980	17	7%	13%	\$60
4	11607 178 St	132,275	1	55	1981	17	6%	8%	\$61
5	17915 118 Ave	135,561	1	46	1977	17	18%	18%	\$65

Sub	16311 117 Ave	178,373	1	47	1975	17	8%	9%	\$59
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[16] The Respondent's chart indicated that its equity comparables #1 and #2 required an overall upward adjustment, #5 required an upward adjustment, and all others required no adjustment.

[17] The Respondent submitted several excerpts from *The Appraisal of Real Estate, 2nd Edition* and *Basics of Real Estate Appraising, 5th Edition*, in support of its arguments regarding qualitative analysis and adjustments.

[18] The Respondent also submitted an argument regarding the Complainant's small number Assessment to Sales Ratios (ASRs) and changes to the property from the sale date to the assessment date.

Decision

[19] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$10,501,500.

Reasons for the Decision

[20] The Board heard from the Complainant, that its basis of adjustment relied upon approximately 1% per year in difference in age, 1% per percentage difference in site coverage and a factor for the difference in size. However, the Board finds that it can place little confidence in the quantitative adjustment method relied upon by the Complainant to determine a reasonable value for the subject property. The Complainant provided no evidence in appraisal theory or practice in support of this methodology.

[21] The Board accepts the Factors Affecting Value in the Respondent's 2012 Industrial Warehouse Assessment Brief (R-1, pp. 11-20), given, in descending order of importance, as: total main floor area (per building), site coverage, effective age (per building), condition (per building), location of the property, main floor finished area, and upper finished area. The Board also notes that the first three factors were used by the Complainant to determine the adjustment percentages applied to its sales comparables.

[22] From the Board's examination of the Complainant's sales comparables, it appears that its sales comparable #2 most closely matches the assessable factors of the subject property (although it is 36% smaller, with 10% less site coverage and 4% less office). It sold for \$77 per square foot (noted by the Respondent as requiring a downward adjustment for number of buildings, site coverage, and main floor area) and supports the assessed value of the subject property at \$59 per square foot. The Board notes that this sale comparable was also presented by the Respondent as its sales comparable #2.

[23] The Board notes that the sales comparables presented by the Complainant were also presented as its equity comparables. Notwithstanding any adjustments that may be required in terms of the assessed factors, the Board finds the Complainant's equity comparable #1 to match the subject property in terms site coverage, although 26 years newer and 46% larger with 2% less proportional office. It is assessed at \$75 per square foot versus the subject property at \$59 per square foot and this indicates that the subject property is fairly assessed in equity.

[24] The Board finds of the five equity comparables presented by the Respondent in terms of the assessed factors, all more closely match the subject property in terms of main floor area, site coverage and age. Its equity comparable #5, also presented as its sales comparable #4, assessed at \$65 per square foot and sold at \$88 per square foot, closely matches the subject property in terms of age and office, although 24% smaller with 8% more site coverage, supports the per square foot assessed value of the subject property at \$59. Similarly, the Respondent's equity comparables #3 and #5, also closely match the subject property in terms of size, age and site coverage, although with 4% and 9% greater office, assessed at \$60 and \$65 per square foot, all respectively, also support the per square foot assessed value of the subject property.

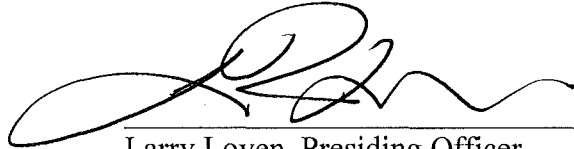
[25] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$59 per square foot

Dissenting Opinion

[26] None noted.

Heard on November 29, 2013.

Dated this 18th day of December, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
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.