

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01555

Assessment Roll Number: 8872616
Municipal Address: 8810 48 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.

[2] At the request of the parties, the Board carried forward argument and evidence from roll number 1523042 to this roll number, where applicable.

Preliminary Matters

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

Background

[4] The subject property comprises of two industrial warehouse buildings, totaling 85,138 square feet on a 3 acre lot. They were built in 1977 with site coverage of 54%. The property is located in the McIntyre Industrial Neighbourhood.

Issue(s)

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

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] The Complainant submitted a 20 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.

[8] The Complainant provided six sales comparables summarized as follows:

| # | Address | Sale Date | Main Floor Area | Bldg # | % Site Cover | Eff Age | Location | Main Floor Finish | Total Bldg Area |
|-----|------------------|-----------|-----------------|--------|--------------|---------|----------|-------------------|-----------------|
| 1 | 10025 51 Ave | May-10 | 89,449 | 1 | 25 | 61/75 | 12 | 13,120 | 89,449 |
| 2 | 5705 103 A Ave | Jun-10 | 65,750 | 2 | 52 | 71/74 | 18 | 12,610 | 71,598 |
| 3 | 4115 1101 St | Dec-10 | 44,887 | 1 | 40 | 1978 | 18 | 7,535 | 44,887 |
| 4 | 4900 – 93 Ave | Dec-10 | 64,520 | 4 | 35 | 1977 | 12 | 22,537 | 65,520 |
| 5 | 8210 McIntyre Rd | Jan-11 | 41,991 | 1 | 28 | 1974 | 18 | 13,165 | 41,991 |
| 6 | 47904 97 St | Aug-11 | 59,655 | 2 | 43 | 1979 | 18 | 25,930 | 59,665 |
| Sub | 8810 48 Ave | | 84,658 | 2 | 54 | 1977 | 18 | 6,212 | 85,138 |

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

[9] 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 | 10025 51 Ave | \$92 | \$97.93 | -20% | \$82.49 | \$78.34 |
| 2 | 5705 103 A Ave | \$81 | \$90.33 | -10% | \$76.98 | \$81.30 |
| 3 | 4115 1101 St | \$95 | \$92.13 | -35% | \$61.50 | \$59.88 |
| 4 | 4900 – 93 Ave | \$90 | \$108.60 | -30% | \$63.13 | \$76.02 |
| 5 | 8210 McIntyre Rd | \$119 | \$115.67 | -45% | \$65.23 | \$63.62 |
| 6 | 47904 97 St | \$101 | \$113.34 | -30% | \$71.89 | \$79.34 |
| Sub | 8810 48 Ave | | \$85.78 | | | \$85.78 |

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

[10] Based on the Complainant's analysis of these sales and assessments to the subject property, the Complainant considered a base year market value of \$75 per square foot or \$6,385,350 to be reasonable.

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$6,385,000.

Position of the Respondent

[12] The Respondent submitted a 67 page disclosure document, 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.

[13] 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.

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

| # | Address | Sale Date | Main Floor Area | Bldg Count | % Site Cover | Eff Age | Location | Main Floor Finish | Upper Finish | TASP / Sq Ft (Total) |
|------------|--------------------|--------------|-----------------------|---------------|--------------------|-------------|-----------|-------------------------|-----------------|----------------------------|
| 1 | 14604 134 Ave | May-11 | 14,037 | 2 | 37 | 1979 | 17 | 5,974 | 0 | \$81 |
| 2 | 16304 117 Ave | Apr-11 | 112,594 | 2 | 43 | 1977 | 17 | 7,234 | 0 | \$85 |
| 3 | 4704 97 St | Aug-11 | 59,655 | 2 | 44 | 1979 | 18 | 25,930 | 0 | \$101 |
| 4 | 9503 42 Ave | Apr-12 | 63,093 | 2 | 36 | 1978 | 18 | 24,638 | 0 | \$113 |
| Sub | 8810 48 Ave | | 84,658 | 2 | 54 | 1977 | 18 | 6,212 | 480 | \$86 |

[15] The Respondent's chart indicated that its sales comparables #1 and #2 required no overall adjustment while #3 and #4 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 all of the Complainant's sale comparables required an overall downward adjustment. The Board noted that the Respondent's sales comparable #3 is the same as the Complainant's sales comparable #6.

[16] The Respondent submitted a table of three equity comparables summarized as follows:

| # | Address | Main Floor Area | Bldg # | % Site Cover | Eff Age | Location | Main Floor Finish | Upper Finish | Assmt / Sq Ft (Total) |
|-----|-------------|-----------------|--------|--------------|----------|----------|-------------------|--------------|-----------------------|
| 1 | 4804 92 Ave | 96,095 | 1 | 58 | 1990 | 18 | 7,353 | 7,253 | \$77 |
| 2 | 4770 94 Ave | 71,397 | 1 | 50 | 1979 | 18 | 1,236 | 1,236 | \$81 |
| 3 | 9345 49 St | 90,060 | 3 | 43 | 78/88/98 | 18 | 13,681 | 13,681 | \$107 |
| Sub | 8810 48 Ave | 84,568 | 2 | 54 | 1977 | 18 | 6,212 | 6,212 | \$86 |

[17] The Respondent's chart indicated that its equity comparable #1 required an overall upward adjustment, #2 required no adjustment, and #3 required a downward adjustment.

[18] 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.

[19] 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

[20] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$7,303,500.

Reasons for the Decision

[21] 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.

[22] The Board accepts the Factors Affecting Value in the Respondent's 2012 Industrial Warehouse Assessment Brief (R-1, pp. 5-15), 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.

[23] From the Board's examination of the Complainant's sales comparables, it appears that the Complainant's sales comparable #2 matches the assessable factors of the subject property in terms of size, site coverage and age, although 17% smaller with 16% more office (indicated by the Complainant was requiring a downward adjustment and noted by the Respondent as requiring a downward adjustment for number of buildings, location, main floor area and main floor office) sold for \$81 per square foot (or \$85.53 as determined by the Complainant) supports the assessed value of the subject property, at \$86 per square foot.

[24] The Board also finds the Complainant's sales comparable #6 to match the assessable factors of the subject property in terms of age and location, although 30% smaller with 10% less site coverage and 37% more office, sold for \$101 per square foot compared to the assessed value of \$86 per square foot of the subject property. The Board notes that this sales comparable was also presented by the Respondent as its sales comparable #3, and it indicated by both parties as requiring a downward adjustment.

[25] 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 of size, age and office finish, although with 26% less site coverage, assessed at \$98 per square foot versus the subject property at \$86 per square foot, indicates that the subject property may be fairly assessed in equity.

[26] The Board finds of the three 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. Specifically, the Respondent's equity comparable #2, closely matches the subject property in terms of size, age and site coverage, although with less office, assessed at \$81 per square foot, supports the per square foot assessed value of the subject property.

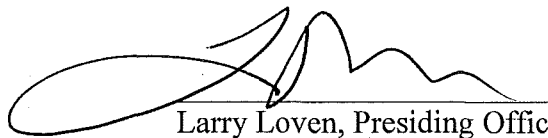
[27] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$86 per square foot.

Dissenting Opinion

[28] 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.