

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01556

Assessment Roll Number: 1523059
Municipal Address: 16403 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.

[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 is an industrial warehouse building, totaling 59,358 square feet on a 3 acre lot. It was built in 1976 with a site coverage of 39%. It is located in the Norwester 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 24 page disclosure document, Exhibit C-1, in support of their position that the 2013 assessment of the subject property is incorrect in market value and in equity.

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

#	Address	Sale Date	Main Floor Area	Bld g #	% Site Cover	Eff Age	Location	Main Floor Finish	Total Bldg Area
1	16440 130 Ave	Jan-11	30,792	1	20	1980	20	20%	30,752
2	115 154 St	Jul-11	33,396	2	31	79/82	17	31%	39,595
3	16815 117 Ave	Nov-11	74,341	1	57	1980	17	22%	90,591
4	16104 114 Ave	Jan-12	65,600	2	34	77/06	17	21%	66,720
5	12603 123 St	Jan-12		2	28	58/90	17		84,454
6	14350 123 Ave	Jun-12	57,344	1	46	1976	17	22%	57,344
7	14320 121A A	Jul-12		1	46	1972			47,052
Sub	16403 117 Ave		50,493	1	39	1976	17	27%	59,358

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	16440 130 Ave	\$103	\$112.03	-35%	\$67.79	\$72.82
2	115 154 St	<i>\$81</i>	\$109.56	-35%	\$52.43	\$71.21
3	16815 117 Ave	\$60	\$66.79	+25%	\$79.55	\$83.49
4	16104 114 Ave	<i>\$115</i>	\$96.88	-25%	\$74.80	\$72.66
5	12603 123 St	<i>\$72.81</i>	\$60.64	-25%	\$54.61	\$45.48
6	14350 123 Ave	\$79	\$70.95	+10-%	\$87.05	\$78.05
7	14320 121A Ave	<i>\$85.65</i>	\$76.02	-0%	\$85.65	\$76.02
Sub 16403 117 Ave			\$78.46			

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 \$73 per square foot or \$4,333,134 to be reasonable.

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$4,333,000.

Position of the Respondent

[12] The Respondent submitted a 50 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	Total Finish	TASP / Sq Ft (Total)
1	14350 123 Ave	Jun-12	57,344	1	46	1976	17	3%	3%%	\$79
2	9333 49 St	Feb-09	45,561	2	43	1977	18	9%	17%	\$79
3	17407 106 Ave	Feb-11	40,251	1	37	1977	17	16%	24%	\$85
Sub 16403 117 Ave				1	39	1976	17	27%	38%	\$78

[15] The Respondent's chart indicated that its sales comparable #1 required an upward adjustment, #2 no adjustment, and #3 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 #3 and #6 each required an overall upward adjustment, #1, 2 and #4 required a downward adjustment, #5 was a non-arms length sale and #7 was *post-facto*. The Board noted that the Respondent's sale comparable #1 is the same as the Complainant's sales comparable #6.

[16] The Respondent submitted a table of seven 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	14405 128 Ave	59,532	1	37	1970	17	4%	14%	\$71
2	10720 178 St	47,609	1	46	1979	17	7%	23%	\$72
3	14440 124 Ave	54,668	1	37	1970	17	13%	21%	\$75
4	11228 163 St	64,591	1	36	1978	17	22%	31%	\$79
5	16404 117 Ave	53,753	1	38	1976	17	24%	24%	\$82
6	17404 105 Ave	36,336	1	36	1981	17	26%	43%	\$85
7	11603 117 Ave	53,851	1	41	1979	17	28%	28%	\$86
Sub	16403 117 Ave	50,493	1	39	1976	17	27%	38%	\$78

[17] The Respondent's chart indicated that its equity comparables #1 and #2 required an overall upward adjustment, #6 and #7 required a downward adjustment and all others required no 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 \$4,657,500.

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 given 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.

[23] From the Board's examination of the Complainant's sales comparables it appears that its sales comparable #6 most closely match the assessable factors of the subject property in terms of size and age, although with 7% more site coverage and 35% less office, sold for \$79 per square foot (noted by the Respondent as requiring an overall upward adjustment for site and office) supports the assessed value of the subject property at \$78 per square foot. The Board notes that this sale comparable was also presented by the Respondent as its sale comparable #1.

[24] 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 #6, also its sales comparable, to match the subject property as described in the paragraph above, assessed at \$70.95 per square foot (noted by the Respondent as requiring an upward adjustment) indicates that the subject property assessed at \$78.46 per square foot, may be fairly assessed in equity.

[25] The Board finds of the seven 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 comparables #2, #5 and #7, assessed at \$72, \$82 and \$86 per square foot, closely matches the subject property in terms of size, age and site coverage, although with 20% and 3% less and 1% greater total office area, respectively, supports the per square foot assessed value of the subject property at \$78.

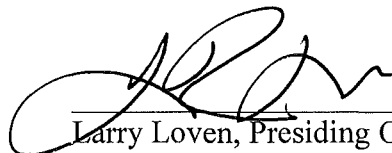
[26] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$78 per square foot

Dissenting Opinion

[27] 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.