

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01718

Assessment Roll Number: 3876489

Municipal Address: 5605 92 Street 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

Darryl Menzak, Board Member

Jasbeer Singh, Board Member

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 property comprises of two single office/warehouse buildings with a total area of 13,373 square feet with 3,354 square feet of finished office space on the main floor and 1,677 square feet of finished office space on the upper mezzanine level. The subject property is located at 5605 – 92 Street NW in the Coronet Industrial neighbourhood. Built in 1980, the buildings are in average condition. The 2013 assessment of the subject property, based on income approach, is \$1,965,000, and is the subject of appeal.

Issue(s)

[4] Is the 2013 assessment of \$1,965,000 for the subject property in excess of market value?

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’s position was that the assessment of \$4,806,500 was in excess of market value. In support of this position, the Complainant presented a 23 page assessment brief, in Exhibit C-1 (“C-1”), testimonial evidence and argument.

[7] The Complainant provided a chart containing five sale comparables.

#	Address	Year Built	Site Cover %	Total Area	Sale Date	TASP/Sq.Ft
1	803/19 - 77 Ave	82/'94	29	24,485	Mar-11	\$104.46
2	7709 - 16 St	1979	32	11,520	Apr-11	\$128.51
3	7308 - 76 Ave	1971	37	14,850	Apr-11	\$131.37
4	7716 - 67 St	1978	43	13,788	May-11	\$114.13
5	8011 - Davies R	1972	35	21,050	Dec-11	\$123.52
Sub	5605 - 92 St	1980	27	13,373		\$146.94

[8] As evident from the above chart, these comparables were built between 1971 and 1994, and range in site coverage from 29% to 43%. Building size ranged from 11,520 square feet to 24,485 square feet and the Time Adjusted Sale Prices (TASPs) per square foot ranged from \$104.46 to \$131.37 (C-1, p. 1). The per square foot assessed value of subject property is shown at the bottom of the table of the Complainant’s five sale comparables.

[9] The Complainant requested that the Board place more weight on sales comparables #2, #3, and #4, as these showed more similarity with the subject property (C-1, p. 2).

[10] In response to the Respondent's questioning, the Complainant acknowledged that the sales comparables located in partially serviced neighbourhoods would have lesser value but was not aware that its sales comparables #1 and #2 were located in such areas.

[11] During questioning, the Complainant acknowledged that four out of its five sales comparables were vacant at the time of sale, but argued that properties of this size were often owner occupied and such buyers preferred the buildings to be vacant at the time of purchase.

[12] The Complainant requested the Board to reduce the 2013 assessment to \$125.00/sq ft, for an assessment of \$1,671,500 (C-1, p. 2).

Position of the Respondent

[13] The Respondent presented a 43 page document, Exhibit R-1("R-1") that included a Law & Legislation brief and an assessment brief with seven sales comparables in support of the subject assessment.

[14] All seven of the Respondent's comparables were given to be similar to the subject property in location, site coverage, condition, building size, main floor finished office area and effective year built, except for sales comparable #1 built in 1965. The Respondent's sales comparable #6 was also included in the Complainant's sales as its sales comparable #5 (R-1, p. 12).

#	Address	Loc Grp.	Year Built	Site Cover %	Total Main Flr	Main Flr Office	Upper Finish	Total Area	Cond.	Sale Date	TASP per Sq.Ft
1	9810 -62 Ave	18	1965	22	12,115	5,400	3000	15,115	Avg	Jan-08	\$154
2	9333 - 37 Ave	18	1977	30	16,598	4,844	3,305	19,903	Avg	Aug-08	\$153
3	5803 - 90 St	18	1983	33	14,483	2,021	0	14,483	Avg	Sep-08	\$140
4	7705 - 69 St	18	1975	34	14,969	3,936	0	14,969	Avg	Jul-09	\$125
5	9610 - 39 Ave	18	1997	29	15,000	3,378	0	15,000	Avg	Nov-11	\$187
6	8011 Davies Rd	18	1981	31	18,412	2,784	0	18,412	Avg	Dec-11	\$141
7	9405 - 58 Ave	18	1979	23	12,724	3,029	0	12,724	Avg	Feb-12	\$173
Sub	5605 - 92 St	18	1980	27	11,696	3,354	1,677	13,373	Avg		\$147

[15] The Respondent stated that all of the Complainant's sale comparables were inferior to the subject property and needed to be adjusted upwards in more than one factor to provide basis for a true comparison with the subject property. The Respondent further argued that:

- a. Sales comparables #1 and #2 were located in partially serviced neighbourhoods and should not be considered as comparable, considering that many sales comparables were available from the more similar locations.
- b. The site coverage in respect of Complainant's sales comparables #3 and #4 was considerably higher than for the subject property and higher than any of the sales comparables presented by the Respondent.

[16] The Respondent stated that the sales comparable that was presented by both parties supported the assessment of the subject property.

[17] In summation, the Respondent stated that the seven sales comparables included in the Respondent's sales chart provided information that supported the subject property's assessment. The Respondent requested that the Board confirm the 2013 assessment of the subject property at \$1,965,000.

Decision

[18] The decision of the Board is to confirm the 2013 assessment of the subject property at \$1,965,000.

Reasons for the Decision

[19] The Board recognizes the Factors Affecting Value in the warehouse inventory for assessment purposes (R-1, p. 24), which are: total main floor area, site coverage, effective age, condition, location of the property, main floor finished area, and upper finished area.

[20] The Board accepts that main floor area is based on the exterior measurements of the building, and that economies of scale dictate that larger buildings trade for a lower unit of comparison than smaller buildings.

[21] The Board also acknowledges that location, for mass appraisal purposes, placed industrial properties in groupings for comparability based on neighbourhood boundaries, major roadways or level of servicing. The Board finds the two groupings included in the parties' comparables are Industrial Group 18 – Core South, the fourth highest in desirability, and Industrial Group 20, that is partially serviced. The Board notes that the subject property is located in Industrial Group 18.

[22] The Board's review of the sales comparables presented by the Complainant (C-1, p. 10), notes that the Complainant requested the Board to place more weight on the sales with the most similar physical condition, sales #2, #3 and #4. The Board consideration of these sales comparables finds the following:

- a. Sales comparable #2 provides the closest resemblance to the subject property in many aspects; however, it is located in a partially serviced neighbourhood, different from the subject property's location. Therefore, the Board could not rely upon it to provide a reference point to establish whether or not the subject property's assessment was incorrect, particularly when several comparables are from the same industrial group as the subject property.
- b. The Board finds that the per square foot TASP of sales comparable #3, \$129 is 12% lower than the subject property's per square foot assessment of \$147; however, the 30% larger building on a comparably sized lot could account for the variance; therefore, supporting the subject property's assessment.
- c. The Board finds that the per square foot TASP of sales comparable #4 is 22% lower than the subject property's assessment; and is an 18% larger building is located on a 26% smaller lot. In other words, the value of a larger building on a smaller lot yield a rate that is less than comparable to per square foot assessment of the subject property.

[23] The Board's review of the comparables presented by the Respondent (R-1, p. 12) finds that its sales comparable #3 to be significantly similar to the subject property in terms of age, location, size, site coverage and condition; and, its per square foot TASP of \$140, with a 20% larger building size, supports the per square foot assessed value of the subject property.


[24] Jurisprudence has established that the burden of proof of demonstrating an assessment is incorrect rests with the Complainant. Based on its consideration of the argument and evidence presented, the Board concludes that the Complainant's evidence, testimony and argument did not provide sufficient nor compelling reasons for the Board to reduce the assessment of the subject property. Accordingly, the Board finds the subject property's 2013 assessment of \$1,965,000 is correct and fair.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard commencing October 17, 2013.

Dated this 15th day of November, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Jason Baldwin
Scott Hyde
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.