

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01727

Assessment Roll Number: 3811445
Municipal Address: 5604 76 AVENUE NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Harold Williams, Presiding Officer
James Wall, Board Member
Randy Townsend, Board Member

Procedural Matters

[1] There were no procedural matters. The Board members stated that they had no bias in regard to this complaint nor was there any objection from the Respondent or Complainant as to the makeup of the Board.

Preliminary Matters

[2] There were no preliminary matters before the Board.

Background

[3] The subject property is multi-tenant office/warehouse building built in 1976. Total floor area of the building is 39,254 sq. ft. (including 9063 sq. ft. of main floor office and 1452 sq. ft. of mezzanine finish). The current assessment is at \$104.40 per sq. ft., for a total assessment of \$4,098,000. Site coverage is 36%.

[4] The property is located in the Davies Industrial East subdivision in southeast Edmonton (Study Area 18).

Issue(s)

[5] Is the 2013 assessment of the subject property fair and equitable in comparison to similar properties?

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 provided the Board with eight sales comparables (exhibit C-1, pg 1). Four of the comparables are located in west Edmonton in Study Area (SA) #17. The other four comparables are in SA #18. All comparables have been time-adjusted in accordance with the City of Edmonton’s time-adjustment chart (Exhibit C-1, pg 25). All sales information is from “The Network”, a third party data collection and analysis service.

[8] Five of the Complainant’s comparables are single building parcels, two have two buildings on site and one has four buildings. The Complainant stated that having multiple buildings on a parcel does not necessarily add extra value to an investor and, in the Complainant’s opinion, may, in some cases, actually be a detriment.

[9] Time-adjusted sales prices (TASP) for the eight comparables range from a low of \$61.57 per sq. ft. to a high of \$103.11 per sq. ft. The average is \$87.81 per sq. ft. and the median is \$91.74 per sq. ft. The average of the actual assessment per sq. ft. for the comparables is \$101.30, which is lower than the subject property at \$104.40 per sq. ft.

[10] The Complainant places most weight on their sales #2, #3 and #5 with sale #2 being the overall best comparable at a TASP of \$94.61. Based on the sales comparable information presented it is the Complainant’s opinion that an appropriate assessment per sq. ft. for the subject property is \$95.00, for a total assessed valuation of \$3,729,000 (rounded).

[11] The Board asked the Complainant about the discrepancy between the TASP and the ASR of their sale #8. The Complainant responded that they believe this to be a valid sale but the Respondent municipality has questioned the validity of it as they consider this a non-arms length (NAL) sale.

[12] An original argument regarding an exemption issue has been withdrawn and is no longer an issue the Complainant wishes to pursue. The Respondent agreed and mentioned that they will be withdrawing part of the evidence package dealing with the exemption issue.

[13] In summation, the Complainant is of the opinion that their sales, with the highest TASP being \$103.11 clearly indicate that the subject assessment at \$104.40 per sq. ft. is too high and a more appropriate value should be \$95.00 per sq. ft. for a total assessed value of \$3,729,000.

Position of the Respondent

[14] In defense of the assessment, the Respondent presented to the Board Exhibit R-1. Pages 4 to 14 are the City of Edmonton's "Mass Appraisal of Industrial Warehouses" brief, which includes maps showing the various SA's used by the City. This brief is common to most responses to appeals of industrial properties and was carried forward by the Respondent from roll #8873630.

[15] Also common are City briefs titled "Assumed Long-Term Leases" and "Property Assessment Law and Legislation" (Exhibit R-1, pages 66 – 82).

[16] Exhibit R-1, pages 29 to 59 deals with the exemption issue brought up by the Complainant in the original assessment complaint. The Respondent pointed out to the Board that, since both parties no longer consider this to be an issue, these pages are no longer relevant to the evidence to be presented by the Respondent. The Respondent also asked the Board to please strike pages 60 and 61 from exhibit R-1.

[17] The Respondent provided the Board with five sales comparables (Exhibit R-1, pg 22). Three of these sales are in SA #18, the same as the subject, and two sales in SA#12 (major roadways). Site coverage's of the comparables range from 30% to 46% (subject is 36% site coverage). The Respondent pointed out to the Board that lower site coverage of an industrial property generally means a higher selling price per sq. ft.

[18] The Respondent also provided the Board with four equity comparables (Exhibit R-1, pg 28). These comparables are all in SA #18, with site coverage's of 35 – 43%. Assessments range from \$101.17 to \$111.61 per sq. ft. (subject is \$104.40 per sq. ft.)

[19] The Respondent asked the Board to refer to the pictures in Exhibit R-1 pages 62 to 64 to show that the Complainant's sale #3 should not be used as this building had some structural issues at the time of sale that likely influenced the price paid.

[20] The Respondent also asked the Board to place little to no weight on the Complainant's sale #8 as this is a non-arms length sale (partnership dissolution) and should not be used in any sales analysis. As well, the Respondent asked that the Board place little weight on the Complainant's sales #1, #4, #6 and #7 as these buildings are anywhere from 10 years to 20 years older than the subject. Site coverage's for these four sales are 28%, 63%, 47% and 24% respectively and are significantly different than the subject at 36%.

[21] Only the Complainant's sales #2 and #5 (TASP \$94.61 and \$102.70 per sq. ft. respectively) have any validity, in the opinion of the Respondent. However, both of these sales

would require upwards adjustments in the TASP to equate to the subject which would result in these two comparables supporting the assessment of the subject.

[22] In summation, the Respondent stated to the Board that the sales comparables, as well as the equity comparables, are superior to the Complainant's comparables and provide the best evidence that the assessment is fair and equitable and that the assessment should be confirmed.

Decision

[23] The 2013 assessment of the subject property is confirmed.

Reasons for the Decision

[24] The Board agrees with the Respondent that the Complainant's sales #3 and #8 should not be used for the reasons mentioned by the Respondent.

[25] The Board places some weight on the Complainant's sale #2. However, it is noted in the comments of the sales sheet from "The Network" (exhibit C-1, pg 10) that rents are somewhat below market, even after having been renewed just prior to the sale date. The TASP of \$94.61, however, after some adjustment for lower than normal market rent, would "likely" be much closer to the subject. In the Board's opinion, this sale tends to somewhat support the current assessment.

[26] The Complainant's sale #5 has a TASP of \$102.70 per sq. ft., which in itself supports the assessment of the subject. However, this property has two buildings totaling 58,837 sq. ft., in comparison to the subject's single building at 39,254 sq. ft. and it has site coverage of 44% versus the subject at 36%. This would result in an upward adjustment for size but a downward adjustment for site coverage. In the end, it is the opinion of the Board that this sale at \$102.70 per sq. ft. supports the assessment of the subject.

[27] The Complainant's sales #1, #4, #6 and #7 have such substantial differences to the subject that the Board placed little weight on their use as good comparables.

[28] As for the sales comparisons used by the Respondent, the Board placed most weight on sales #3 and #4, with TASP's of \$129.29 and \$122.70 per sq. ft. respectively. These are the best comparables to the subject, in the Board's opinion, reflecting the least number of adjustments required (only a downward adjustment for smaller size is required). Both of these, after adjustment, would support the assessment of the subject at \$104.40 per sq. ft.

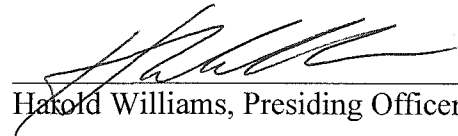
[29] The equity comparables (Exhibit R-1, pg 31), presented by the Respondent, also carried some weight with the Board's decision. These properties are very similar to the subject, in most areas of comparison and fall into a very tight range of assessment per sq. ft. of \$101.17 to \$111.61. This, in the Board's opinion, indicates that the subject property is being equitably assessed.

Dissenting Opinion

[30] There was no dissenting opinion.

Heard commencing October 24, 2013.

Dated this 12th day of November, 2013, at the City of Edmonton, Alberta.



Harold Williams, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Marty Carpentier, Assessor
Tanya Smith, Legal Counsel
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.