

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01732

Assessment Roll Number: 8873630
Municipal Address: 8604 53 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 composition of the Board.

Preliminary Matters

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

Background

[3] The subject property consists of two multi-tenant office/warehouse buildings built in 1977 and 1978. Total floor area of the two buildings is 52,186 sq. ft. (Bldg #1 - 38,357 sq. ft. including 4411 sq. ft. of office and Bldg #2 - 13,828 sq. ft. including 9076 sq. ft. of office space). The current assessment per sq. ft. of floor space is at \$107.99.

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

[5] The buildings are in "average" condition. There is 40% site coverage. The parcel is a corner lot located at 53rd Ave and 86th St. The buildings front both 53rd and 54th Avenues.

Issue(s)

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

Legislation

[7] **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

[8] 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 documentation from “The Network”, a third party data collection and analysis service.

[9] 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.

[10] 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 still lower than the subject property at \$107.99 per sq. ft.

[11] The Complainant places most weight on their sales #2, #3, #5 and #6. Sale #5 is common with the Respondent’s sales comparables.

[12] Based on the sales comparable information presented to the Board 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 \$4,957,500 (rounded).

Position of the Respondent

[13] 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 therefore was carried forward by the Respondent from roll #8873630.

[14] Also common are City briefs titled "Assumed Long-Term Leases" and "Property Assessment Law and Legislation" (Exhibit R-1, pages 46 – 58).

[15] The Respondent provided the Board with five sales comparables (Exhibit R-1, pg 24). Two of these sales are in SA #18, the same as the subject, one in SA#12 (major roadways) and two in SA #17 (west Edmonton). Sales #1, #2 and #3 each have two buildings on the parcel and the other two only have one building each. Sale #2 is a common sales comparison to the Complainant's sale #5. TASP range from \$101.30 to \$122.88 per sq. ft. Site coverage's of the comparables range from 34% to 44% (subject is 40% 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.

[16] The Respondent also provided the Board with four equity comparables (Exhibit R-1, pg 31). These comparables are all in SA #18, with site coverage's of 38 – 45% and all two building parcels. Assessments per sq. ft. range from \$105.50 to \$111.79 per sq. ft.

[17] The Respondent asked the Board to refer to the pictures in Exhibit R-1 pages 38 to 40 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.

[18] 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 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 11 years to 21 years older than the subject.

[19] In summation, the Respondent stated to the Board that it's 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

[20] The 2013 assessment of the subject property is confirmed at 5,635,500.

Reasons for the Decision

[21] Of all of the sales comparables presented by both parties it is noted that sale #5 of the Complainant's and #2 of the Respondent's are the same. Since both parties agree that this is a good comparison to the subject the Board places most weight on this sale, assessed at \$113.34 per sq. ft. and with a TASP of \$102.70. This sale supports the current assessment of the subject.

[22] 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.

[23] The Board places limited weight on the Complainant's sale #2 as it is noted in the comments of the sales sheet from "The Network" that rents are somewhat below market even after having been renewed just prior to the sale date. The TASP of \$94.61, after adjustment for lower than normal rent, would "likely" be much closer to the subject. The Board was not provided with an adjustment factor to confirm this.

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

[25] As for the sales comparisons used by the Respondent, the Board has decided that sales #1 and #2 are the best comparables, of the evidence presented, to the subject, reflecting the least number of adjustments required. The TASP of #1 is \$112.53 and sale #2 is at \$101.30. Both of these support the assessment of the subject at \$107.99 per sq. ft.

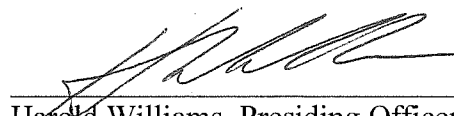
[26] The equity comparables (Exhibit R-1, pg 31), presented by the Respondent, also carried some weight with the Board decision. These properties are very similar to the subject in most areas of comparison and fall into a very tight range of assessment per sq. ft. of \$105.50 to \$111.79. This, in the Board's opinion, indicates that the subject property is being equitably assessed.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing October 23, 2013.

Dated this 7th 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.