

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01737

Assessment Roll Number: 10093827
Municipal Address: 4312 55 AVENUE NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
John Noonan, Presiding Officer
John Braim, Board Member
Pam Gill, Board Member

Procedural Matters

[1] This hearing was one of five dealing with industrial warehouse complaints November 13, 2013. The parties requested the Board to carry forward evidence and argument, where applicable, from the first file, roll 9964194 to this and other hearings.

Background

[2] The subject is a newly-built 2012 industrial warehouse of 60,000 square feet (sf.) covering 38% of a 156,518 sf. lot at 4312 55 Avenue in the Pylypow Industrial neighbourhood. The 2013 assessment of \$9,494,000 was prepared by the direct sales comparison method and equates to a value of \$158.23 per sf. The complaint requests that the assessment be reduced to \$120 per sf. or \$7,200,000.

Issue(s)

- [3] The Board heard evidence and argument dealing with two issues:
1. Has the subject been assessed at greater than its market value?
 2. Has it been assessed inequitably?

Legislation

[4] **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

[5] Nine sales comparables were presented, all previously seen at the hearing dealing with roll 9964194. Attention was drawn to four of these comparables in particular, selected for similarity in size in that they ranged from 40,000 sf. to 57,000 sf. Three of the four comparables were constructed since 2001 and site coverages were 31%, 25%, 28% and 41%. Their time-adjusted sales prices ranged from \$103.04 per sf. to \$138.85 per sf, with two of the sales displaying values close to \$120 per sf.

[6] The assessments of the four selected comparable ranged from \$115.24 per sf. to \$156.24 per sf. In addition, the Complainant presented a map of the Pylypow Industrial area showing the location of the subject property and the lot immediately west which appeared identical in size. Although the Complainant had inadvertently neglected to include the detail sheet available from the City website as backup material, the property next door was described as a building only 2 sf. smaller than the subject, built in 2010, and assessed at \$143.96 per sf. versus \$158.23 for the subject. The Complainant argued that the subject assessment was inequitable, in comparison to the highly-similar property next door, and the assessments of the four best sale comparables.

[7] The Complainant concluded a value of \$120 per sf. for the subject was a fair estimate of the market value of the subject, and asked the assessment be reduced to \$7,200,000.

Position of the Respondent

[8] The Complainant carried forward comments from roll 9964194 dealing with the mass appraisal process, the rationale behind the selection of the sales comparison approach in valuing the industrial inventory, the use of time-adjusted sales that occurred from January 2008 through June 2012, the sale validation process, and the factors found to affect value: main floor area, site

coverage, effective age, condition, location, and to a lesser extent main floor finished area and upper finished area (mezzanine office).

[9] In defense of the assessment, the Respondent presented three sales comparables, two from the same area as the subject, south core study area group 18, and one from the west end in study area 17. The south side sales were properties of approximately 30,000 and 39,600 sf. and the west end property was 74,800 sf. Again, the subject is 60,000 sf. A colour-coded chart highlighted inferior or superior characteristics of these sales comparables in terms of age, site coverage, building area, etc. The three sales produced per sf. values ranging from \$151.57 to \$158.18; the Respondent believed all of these sales supported the subject's assessment of \$158.23 per sf.

[10] Three equity comparables built between 2002 and 2011 with building sizes of 45,000-50,000 sf. displayed assessments of \$153-\$158.94 per sf. Two of the three had 25% site coverage, superior to the subject, but were also older. The third comparable was built in 2011 and had site coverage of 35%, very similar to the subject's 2012 vintage and 38% coverage.

Complainant's Rebuttal

[11] The Complainant presented the 2013 assessments of the three sales comparables utilized by the Respondent. The two south side properties were assessed approximately \$8 per sf. lower than their time-adjusted sale prices, and the third property, the west end comparable carried an assessment of \$110.50 per sf. compared to its sale at \$151.57 per sf.

Decision

[12] The Board reduces the assessment to \$8,640,000.

Reasons for the Decision

[13] The parties brought to the Board's attention some substantial differences between the subject property and the two sets of comparables. The Complainant highlighted that the two south side sales advanced by the Respondent were much smaller than the subject with building sizes 1/2 and 2/3 that of the subject. The third Respondent comparable located in the west end had some six times the office space of the subject: 25,400 sf. versus 4240 sf.


[14] The Complainant also observed that the Respondent's equity comparables failed to support the subject valuation at \$158 per sf. in that two of them had only 25% site coverage and the third was only 2/3 the size of the subject. On the other hand, the Respondent pointed out some problematic attributes of the Complainant's comparables.

[15] The best evidence before the Board was the equity comparable immediately west of the subject property. That property was very similar in size and age. Although the Respondent noted that the Complainant had neglected to include back up details as was the Complainant's usual practice, the Board accepted the explanation this was an oversight.

[16] However, the Board noted in the Respondent's evidence package an overhead photo of the subject and the equity comparable to the west. The two properties look like mirror images of one another, and decided the subject should be assessed at a very similar value: \$144 per sf. Accordingly, the Board reduced the assessment.

Heard November 13, 2013.

Dated this 6th day of December, 2013, at the City of Edmonton, Alberta.


John Noonan, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Cheuk, City of Edmonton Law Branch
Marty Carpentier
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.