

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01750

Assessment Roll Number: 1075761

Municipal Address: 9401 47 Street NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
George Zaharia, Presiding Officer
John Braim, Board Member
Pam Gill, Board Member

Procedural Matters

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members indicated no bias in the matter before them.

Preliminary Matters

[2] There were no preliminary matters.

Background

[3] The subject property is a 2 building multi-tenant industrial warehouse project located at 9401 47 Street in the Eastgate Business Park neighbourhood in southeast Edmonton and is grouped in industrial group 18. Building no. 1, with an effective year built of 1980, has a gross building area of 27,611 square feet (sq ft) including 7,554 sq ft of office development. Building no. 2, with an effective year built of 1980, has a gross area of 44,443 sq ft including 12,052 sq ft of office development. The total floor area for the two buildings is 72,054 square feet. The buildings are situated on a lot 222,610 square feet (5.1 acres) in size with site coverage of 32%.

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$7,951,000 (\$110.35/ sq ft). Building no. 2 has a 10% rear building adjustment.

Issue(s)

[5] Is the assessment of the subject property in excess of its market value, and is it inequitably assessed compared 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

Position of the Complainant

[7] In support of his position that the 2013 assessment of the subject property is excessive, the Complainant presented a 22-page brief (Exhibit C-1). The Complainant argued that based on an analysis of: 1) sales of similar properties, and 2) assessments of similar properties, the assessment of the subject property was too high.

[8] In support of this position, the Complainant provided seven comparable sales/equities of properties similar to the subject. The comparables ranged in age from 1952 to 1979 in size from 44,944 sq ft to 115,318 sq ft, and site coverage ratio (SCR) from 35% to 52%. When analyzed and time-adjusted, the sales indicated a range in value of \$80.05/sq ft to \$103.11/sq ft with the subject being assessed at \$110.35/sq ft, exceeding this range. The assessments of these comparables ranged from \$79.36/sq ft to \$108.60/sq ft, with the \$110.35/sq ft assessment of the subject exceeding this range. (Exhibit C-1, page 2)

[9] Based on his analysis of these sales, with most weight being placed on sale nos. 1, 4, 5 and 7, the Complainant considered a rate of \$90.00/ sq ft as most appropriate for the subject property. This would result in the 2013 assessment being reduced from \$7,951,000 to \$6,484,500.

Position of the Respondent

[10] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 58-page assessment brief (Exhibit R-1) that included law and legislation.

[11] The Respondent submitted information addressing mass appraisal which is a methodology for valuing individual properties using typical values for groups of comparable properties.

- a) The appraisal process recommended by the Appraisal Institute of Canada is essentially the same for mass appraisals and single-property appraisals. To distinguish between mass appraisal and single-property appraisal, the International Association of Assessing

Officers provides the following definition: “...single property appraisal is the valuation of a particular property as of a given date: mass appraisal is the valuation of many properties as of a given date, using standard procedures and statistical testing.”

- b) *Industrial warehouses, as is the subject, are defined as buildings used for storage, light manufacturing and product distribution. They can be constructed of different materials such as wood, concrete, or metal, and can be single or multi-user in nature.*
- c) Factors found to affect value in the warehouse inventory in decreasing importance are: total main floor area, site coverage, effective age, building condition, location, main floor finished area, and upper floor finished area.
- d) The burden of proving that an assessment is incorrect lies with the party alleging it. The Complainant therefore “*must provide sufficiently compelling evidence on which a change to the assessment can be based.*” (Exhibit R-1, pages 4 to 11)

[12] The Respondent submitted sales of three comparables that occurred between August 29, 2011 and January 13, 2012. The properties sold for time-adjusted sales prices ranging from \$101/sq ft to \$115/sq ft for total floor space, with the subject’s \$110/sq ft assessment falling within this range. The Respondent’s comparable no. 1 and the Complainant’s comparable no. 7, located at 4704 97 Street, were a common sale. The total building size of the three comparables ranged from 59,655sq ft to 66,720sq ft, less than but similar to the subject’s 72,054 sq ft. One of the comparables had a small area (1,120 sq ft) of finished mezzanine, while the other two comparables and the subject did not have any finished mezzanine space. The ages ranged from 1977 (with an effective age of 2006) to 1979 while the age of the subject was 1980. The site coverage of the comparables ranged from 34% to 44% compared to the subject’s 32%. Only comparable no. 1 would require an upward adjustment to account for the higher site coverage. Although the Respondent had initially indicated that a downward adjustment would have to be made to comparable no. 3 during his presentation of evidence, he suggested that no adjustment was necessary. (Exhibit R-1, page 24)

[13] The Respondent provided a review of the Complainant’s seven comparables adding additional columns denoting the appropriate industrial group, condition, total main floor area, the finished main floor area, and the finished upper level area. The chart was colour coded to indicate that further adjustments were required to account for the differences between each comparable sale and the subject property. A final column indicated the overall adjustment required to the comparable sale. This analysis of the Complainant’s sales indicated that overall upward adjustments were required to all but one of the comparable properties, suggesting that the subject is assessed correctly. (Exhibit R-1, page 25)

[14] The Respondent provided four equity comparables in support of the subject assessment. All four comparable properties were in average condition, had two buildings on site, were all located in industrial group 18, and all properties did not have finished upper space, the same as the subject. The comparables had site coverage ranging from 30% to 36%, very similar to the subject’s 32%, and were similar in size with total floor space ranging from 63,091 sq ft to 89,037 sq ft compared to the subject’s 72,054 sq ft. Two of the comparables were similar in age to the subject but two were considerably newer. The one comparable with an effective age twenty-seven years newer than the subject would require a downward adjustment to its \$128/sq ft assessment. The assessments of the equity comparables ranged from \$95 to \$128/sq ft for total building area, providing good support to the subject’s \$110/sq ft assessment. The Respondent

stated that overall, the equity comparables provided good support to the subject's assessment. (Exhibit R-1, page 33)

[15] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of the subject property at \$7,951,000.

Decision

[16] The decision of the Board is to confirm the 2013 assessment of the subject property at \$7,951,000.

Reasons for the Decision

[17] The Board placed less weight on the Complainant's sales/equity evidence. Two of the comparables were considerably larger than the subject, and based on economies of scale would need significant upward adjustments. The site coverage of four of the comparables was higher (from 8% to 20%) than the subject and would therefore require upward adjustments to account for the extra land enjoyed by the subject. Overall, with one exception, all the comparables required upward adjustments, making them not good comparables to the subject.

[18] Of the Complainant's comparables, nos. 4 and 7 are closest in building size, age and site coverage (particularly no. 4), and with assessments of \$108.60/sq ft and \$113.34 respectively, would provide strong support for the subject's \$110.35/sq ft assessment. These comparables were two of the four that the Complainant had identified as being the ones upon which he placed most weight in choosing his requested base year market value of \$90.00/sq ft.

[19] The Board placed greater weight on the sales and equity evidence provided by the Respondent for the following reasons:

- a) All three sales comparables had two building counts as does the subject, and were reasonably close in building size, age, and site coverage. All the comparables had a significant amount of main floor finished space as does the subject. With time-adjusted sale prices of \$101 and \$117/sq ft, these comparables provide strong support for the \$110/sq ft assessment of the subject.
- b) The four equity comparables are very similar to the subject in total floor area, the amount of main floor finished space, and site coverage. The comparables that are either newer or larger than the subject, with appropriate adjustments, would be reasonable comparables to the subject. With assessments that range from \$95 to \$128/sq ft, the equity comparables provided strong support for the subject property's \$110.35/sq ft assessment. Even equity comparable no. 1 that is larger than the subject in total floor space, with an assessment of \$95/sq ft, would require an upward adjustment in its assessment, and is therefore considered a supportive comparable to the assessment of the subject.

[20] The Board was persuaded that the 2013 assessment of the subject property at \$7,951,000 was fair and equitable.

Dissenting Opinion

[21] There was no dissenting opinion.

Heard October 30, 2013

Dated this 29th day of November, 2013, at the City of Edmonton, Alberta


George Zaharia, 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.