

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01751**

**Assessment Roll Number:** 7808546

**Municipal Address:** 6024 Gateway Boulevard

NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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

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### **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 an industrial warehouse located at 6024 Gateway Boulevard NW in the Calgary Trail North neighbourhood in south Edmonton and is grouped in industrial group 12. The building, with an effective year built of 1966, has a gross building area of 27,092 square feet including 6,221 square feet of office development. The building is situated on a lot 79,863 square feet (1.8 acres) in size with site coverage of 34%.

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$2,800,500 (\$103.37/ sq ft).

### **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

(c) the assessments of similar property or businesses in the same municipality.

### **Position of the Complainant**

[7] In support of his position that the 2013 assessment of the subject property is excessive, the Complainant presented a 36-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 thirteen comparable sales/equities of properties similar to the subject. The comparables ranged in age from 1958 to 1979, in building size from 14,568 sq ft to 79,615 sq ft, and site coverage from 24% to 63%. When time-adjusted, the sales indicated a range in value of \$61.57/sq ft to \$103.11/sq ft with the subject being assessed at \$103.37/sq ft. The assessments of these comparables ranged from \$70.95/sq ft to \$117.46/sq ft, with the \$103.37/sq ft assessment of the subject at the high end of this range. (Exhibit C-1, page 1)

[9] Based on the analysis of the comparable sales provided, the Complainant requested a rate of \$90.00 be applied to the subject property. This would result in the 2013 assessment being reduced from \$2,800,500 to \$2,438,000.

### **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 65-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 December 23, 2010 and September 22, 2011. The properties sold for time-adjusted sales prices ranging from \$95/sq ft to \$123/sq ft for total floor space, with the subject's \$103/sq ft assessment falling within this range. The Respondent's comparable no. 1 and the Complainant's comparable no. 2, located at 4115 101 Street NW, were a common sale. The total building size of the three comparables ranged from 26,499 sq ft to 44,887 sq ft, with the subject's 27,092 sq ft falling at the low end of the range. Neither the comparables nor the subject have any finished mezzanine space. The ages ranged from 1969 to 1978 while the age of the subject was 1966. The site coverage of the comparables ranged from 28% to 40% compared to the subject's 34%. Comparable no. 1 would require an upward adjustment due to its larger building size and the effect of economies of scale. Comparable no. 3 would require a downward adjustment due to its newer age. (Exhibit R-1, page 25)

[13] The Respondent provided a review of the Complainant's thirteen comparables adding additional columns denoting the appropriate industrial group, condition, industrial adjustments, total main floor area, 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. The building size of comparable sale no. 1 had to be corrected from 89,449 sq ft to 79,615 sq ft, changing the time-adjusted sale price from \$92/sq ft to \$103/sq ft. As well, sale nos. 9 and 10 were non-arms length sales and no. 13 involved special financing and therefore all three should not be used. (Exhibit R-1, page 26)

[14] The Respondent provided four equity comparables in support of the subject assessment. All four comparable properties were in average condition, were all located in industrial group 12, and all properties had finished main floor and finished upper floor space, the same as the subject. The comparables had site coverage ranging from 34% to 36%, almost identical to the subject's 34%, and were similar in size with total floor space ranging from 22,999 sq ft to 34,964 sq ft compared to the subject's 27,092 sq ft. The comparables with ages ranging from 1967 to 1976 were similar in age. The assessments of the equity comparables ranged from \$108 to \$123/sq ft for total building area, all exceeding the assessment's \$103/sq ft assessment, providing good support. Since none of the comparables received a 10% industrial adjustment, there would have to be a 10% downward adjustment to account for the industrial adjust applied to the subject. The

Respondent stated that overall, the equity comparables provided good support for the subject's assessment. (Exhibit R-1, page 45)

[15] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of the subject property at \$2,800,500.

### **Decision**

[16] The decision of the Board is to confirm the 2013 assessment of the subject property at \$2,800,500.

### **Reasons for the Decision**

[17] The Board placed less weight on the Complainant's sales/equity evidence. Six of the comparables were considerably larger than the subject with five of them being more than 50% larger, and based on economies of scale would need significant upward adjustments. The site coverage of four of the comparables was much higher (from 12% to 21%) than the subject and would therefore require upward adjustments to account for the extra land enjoyed by the subject. Comparable no. 7 that sold for a time-adjusted sale price of \$21/sq ft less than the next lowest sale would have to be an outlier and considered to be not a reasonable comparable. Overall, with one exception, all the comparables required upward adjustments, making them not good comparables to the subject.

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

- a) All three sales comparables were reasonably close in age and site coverage. Sale comparable no. 3 was virtually the same building size as the subject, while comparables nos. 1 and 2 were significantly larger and would need upward adjustments due to the effect of economies of scale. All the comparables had a significant amount of main floor finished space as does the subject. With time-adjusted sale prices ranging from \$95/sq ft to \$123/sq ft, these comparables provide strong support for the \$103/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. All the comparables would require downward adjustments in their assessed values since they do not have the 10% industrial adjustment (5% due to the shape of the lot and 5% due to access) that is applied to the subject property. With assessments that range from \$108/sq ft to \$123/sq ft, the equity comparables provided strong support for the subject property's \$103/sq ft assessment

[19] The Board was persuaded that the 2013 assessment of the subject property at \$2,800,500 was fair and equitable.

### **Dissenting Opinion**

[20] There was no dissenting opinion.

Heard October 30, 2013

Dated this 29<sup>th</sup> day of November, 2013, at the City of Edmonton, Alberta

A handwritten signature in black ink, appearing to read 'George Zaharia', written over a horizontal line.

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.*