

## **Edmonton Composite Assessment Review Board**

**Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01753**

**Assessment Roll Number:** 10131944

**Municipal Address:** 3803 56 Avenue NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**John C. Manning**

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 single tenant office/warehouse building located in the Pylypow Industrial Neighbourhood in southeast Edmonton and is in industrial group 18. The building was built in 2010 and has a gross building area of 85,802 square feet (sq ft) that comprises a main floor area of 79,797 sq ft including 6,005 sq ft of office development plus an additional 6,005 sq ft of finished mezzanine office space. The building is situated on a lot 283,730 square feet (6.5 acres) in size with site coverage of 28%.

[4] The subject property was valued on the direct sales approach resulting in a 2013 assessment of \$12,209,000 (\$142 per square foot).

### **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 37-page brief (Exhibit C-1) and a 3-page rebuttal (Exhibit C-2). 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 twelve comparable sales/equities of properties similar to the subject. The comparables ranged in age from 1961 to 2006, in size from 26,200 sq ft to 115,318 sq ft, and site coverage ratio (SCR) from 24% to 52%. When analyzed and time-adjusted, the sales indicated a range in value of \$80.05/sq ft to \$130.93/sq ft with the subject being assessed at \$142.29/sq ft. The assessments of these comparables ranged from \$79.36/sq ft to \$156.24/sq ft, with the \$142.29/sq ft assessment of the subject at the high end of this range. (Exhibit C-1, page 1)

[9] The Complainant provided a 2012 CARB decision for the subject party that reduced the assessment to \$9,438,000 (\$110/sq ft). When time-adjusted to the July 1, 2012 valuation date, the assessment of the subject property would be \$114.47/sq ft compared to its \$142.29/sq ft assessment.

[10] The Complainant placed most weight on comparables 2, 3, 5, 7, 8 and 9 (Exhibit C-1, page 2) as they had the most similar physical and locational characteristics as the subject.

[11] The Complainant submitted a rebuttal, providing the assessments of the Respondent's three sales comparables, since the Respondent had not provided this information. Assessments were provided for only two of the sales comparables, being \$110.32 and \$110.50/sq ft, compared to the assessment of the subject at \$142.29/sq ft. (Exhibit C-2, page 1)

[12] In conclusion, the Complainant requested that the 2013 assessment of the subject property be reduced from \$12,209,000 to \$9,009,000, based on a value of \$105.00/sq ft.

### **Position of the Respondent**

[13] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 68-page assessment brief (Exhibit R-1) that included law and legislation.

[14] 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 5 to 12)

[15] The Respondent submitted sales of three comparables that occurred between November 4, 2009 and December 29, 2011. The properties sold for time-adjusted sales prices ranging from \$140 to \$184/sq ft for total floor space, with the subject's \$142/sq ft assessment falling at the lower end of this range. Sale comparables no. 2 was similar in building size to the subject, but sale nos. 1 and 3 were either much larger or much smaller than the subject. The sale comparables were similar in age to the subject. The 28% site coverage of the subject fell below the range of the comparables from 32% to 39%. (Exhibit R-1, page 31)

[16] The Respondent provided a review of the Complainant's 12 comparables with additional columns showing the appropriate industrial group, total main floor area, finished main floor area, finished upper level area, with corresponding sale prices per sq ft for main floor and total building area, condition of the buildings, and lot size. He also indicated which of the comparables had received rear building adjustments. The chart was colour-coded to indicate where adjustments were required to account for the differences between each comparable sale and the subject property. There were differences in some of the sizes with notes to inform the reader as to some of the reasons why there were differences. A final column indicated the overall adjustment required to the comparable sale. This final column indicated that overall upward adjustments were required for all of the comparable properties, suggesting the subject is assessed correctly. Some of the specific adjustments are as follows:

- a) The building size of sale no. 4 had to be corrected by reducing its total building area from 89,449 to 79,615 sq ft that resulted in an increased time-adjusted sale price from \$92 to \$103/sq ft.
- b) Sale no. 5 was a non-arms length sales transaction and therefore should not be used.
- c) The building size of sale no. 6 had to be corrected by increasing its total building area from 53,283 to 64,520 square feet that resulted in a reduced time-adjusted sale price from \$109 to \$90 per square foot. As well, this sale was deemed to be in "fair" condition while the subject and all the other comparables were in average condition.
- d) Sales nos. 6 and 11 have 10% rear building adjustments resulting in reduced assessments, and would require upward adjustments.

[17] The Respondent provided four equity comparables in support of the subject assessment. The assessments of these equity comparables ranged from \$136/sq ft to \$158/sq ft. The ages of the comparables were similar to the subject, the site coverage of the comparables ranged from 31% to 38% compared to the subject's 28%, and the total building area ranged from 59,998 to 74,398 sq ft compared to the subject's 85,802 sq ft. Equity comparables nos. 1 and 2 had some upper level developed space like the subject. The Respondent contended that overall, the equity comparables provided good support to the subject's assessment. (Exhibit R-1, page 47)

[18] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of the subject property at \$12,209,000.

### **Decision**

[19] The decision of the Board is to reduce the 2013 assessment of the subject property from \$12,209,000 to \$10,725,000 (\$125/sq ft).

### **Reasons for the Decision**

[20] The Board placed less weight on the evidence and argument put forward by the Complainant for the following reason:

- a) Although the Complainant provided twelve sales comparables, the Board considered only sales comparables nos. 2 and 8 as appropriate because they compared well to the subject in building size, age, and site coverage. After having discounted sales comparables no. 1, (duress sale), no. 5 (Non-arms length transaction) and no. 6 (fair condition), the remaining sales comparables required adjustments that the Board could not quantify.

[21] The Board placed greater weight on the evidence and argument put forward by the Respondent for the following reasons:

- a) The building size, age, and site coverage of the Respondent's sales comparables were reasonably similar to the subject. The time-adjusted sale prices of the Respondent's sales that ranged from \$140/sq ft to \$184/sq ft supported the subject's \$142/sq ft assessment.
- b) The equity comparables provided by the Respondent were a reasonable reflection of the attributes of the subject, and with assessments ranging from \$136/sq ft to \$158/sq ft they supported the subject's \$142/sq ft assessment.

[22] However, the Board found the assessment information provided by the Complainant in his rebuttal to be very helpful. Of all the comparables presented by both the Complainant and the Respondent, four were deemed the most similar to the subject in age, site coverage, and building size. These four comparables included the Complainant's comparables nos. 2 and 8 (CVG), and the Respondent's comparables nos. 1 and 2 (COE). The following chart highlights the three attributes that the Board found to be the most comparable, along with the respective time-adjusted sales prices and corresponding assessments per square foot.

Property	Age	Site Coverage	Building Size	TASP/sq ft	Assessment/sq ft
Subject	2010	28%	85,802 sq ft	n/a	\$142
CVG no. 2	2004	34%	72,877 sq ft	\$104	\$133
CVG no. 8	2001	25%	42,501 sq ft	\$114	\$156
COE no. 1	2007	34%	118,800 sq ft	\$140	\$110
COE no. 2	2005	39%	74,801 sq ft	\$152	\$111
Average				\$128	\$128
Median				\$127	\$122

[23] The Board found the relationship between the time adjusted sale prices (TASP) and assessments of the four comparables to be interesting in that the Complainant's comparables showed a lower TASP than the assessments while the Respondent's comparables showed a higher TASP than the assessments.

[24] The resulting average TASP/sq ft and assessment/sq ft of \$128, and the resulting median TASP/sq ft of \$127/sq ft and assessment of \$122/sq ft suggested to the Board that an appropriate assessment of the subject would fall between \$122/sq ft to \$128/sq ft, and that the assessment of the subject at \$142/sq ft was too high. Applying a value of \$125/sq ft to the subject's 85,802 sq ft results in an assessed value of \$10,725,250, rounded to \$10,725,000.

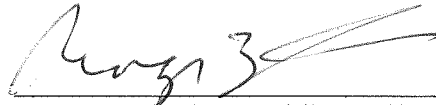
[25] The Board was persuaded that the 2013 assessment of the subject property at \$10,725,000 was fair and equitable.

### **Dissenting Opinion**

[26] There was no dissenting opinion.

Heard October 30, 2013

Dated this 27<sup>nd</sup> day of November, 2013, at the City of Edmonton, Alberta

A handwritten signature in dark 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.*