

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01754

Assessment Roll Number: 10004189

Municipal Address: 7003 Roper Road 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 an industrial warehouse located at 7003 Roper Road NW in the Roper Industrial neighbourhood of southeast Edmonton. There is one building on site, built in 2003, totaling 99,609 square feet of floor space. The building comprises 94,518 square feet of main floor area including 18,118 square feet of finished office space, plus 5,091 square feet of finished mezzanine space. The building is situated on a lot 276,377 square feet (6.3 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 \$11,517,500 (\$115.63 per square foot).

Issue(s)

[5] Is the assessment of the subject property in excess of its market value?

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 15-page brief (Exhibit C-1). The Complainant argued that based on an analysis of sales of similar properties, the assessment of the subject property was too high.

[8] The Complainant presented seven sales comparable properties in support of his position that the assessment of the subject exceeded its market value. The comparables sold between June, 2009 and May, 2011 for time-adjusted sales prices ranging from \$80.05 to \$104.20 per square foot, compared to the assessment of the subject at \$115.63 per square foot. The building sizes of the comparables ranged from 26,200 to 115,318 square feet, compared to the size of the subject at 99,609 square feet. The site coverage of the comparables ranged from 26% to 43% compared to the subject’s 34% site coverage.

[9] Based on an analysis of the seven sales comparables, with most weight placed on sales nos. 1, 2, and 4, the Complainant requested that the assessment of the subject be reduced to \$100 per square foot (Exhibit C-1, page 2).

[10] The Complainant submitted a rebuttal, providing the assessments of the Respondent’s three sales comparables, since the Respondent had not provided this information. The assessments of the three sales comparables ranged from \$94.04 to \$110.32 per square foot, compared to the assessment of the subject at \$115.63 per square foot. The assessments of the Respondent’s comparables were good indicators of value for the subject and supported his requested reduction to \$100 per square foot. (Exhibit C-2, page 1)

[11] In conclusion, the Complainant requested that the 2013 assessment of the subject property be reduced from \$11,517,500 to \$9,960,500, based on a value of \$100 per square foot.

Position of the Respondent

[12] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 64-page assessment brief (Exhibit R-1) that included law and legislation.

[13] 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)

[14] The Respondent submitted sales of three comparables that occurred between November 4, 2009 and July 15, 2011. The properties sold for time-adjusted sales prices ranging from \$127 to \$140 per square foot for total floor space, with the subject’s \$115.63 per square foot assessment falling below this range. Sale comparables nos. 2 and 3 are similar in building size to the subject, but sale no. 1 is considerably larger than the subject, requiring an upward adjustment. The sales comparables were similar in age to the subject. The 42% site coverage of sale comparable no. 2 is inferior to the subject’s 34% and would need an upward adjustment. (Exhibit R-1, page 24)

[15] The Respondent provided a review of the Complainant’s seven sales comparables, suggesting that overall, two upward and two downward adjustments to the time-adjusted sale price per square foot would have to be made to the comparables to account for variations in location, building count, condition, site coverage, total main floor space, and total upper finished space compared to the subject property. He also suggested that one sale should not be considered since it was a duress sale and another sale was a non-arms length sale, and again should not be considered. (Exhibit R-1, page 25) Some of the adjustments are as follows:

- a) Sale no. 1 was a “duress” sale and therefore should not be used.
- b) The building size of sale no. 3 had to be corrected by reducing its total building area from 89,449 to 79,615 square feet that resulted in an increased time-adjusted sale price from \$92 to \$103 per square foot.

- c) Sale no. 4 was a non-arms length sales transaction and therefore should not be used.
- d) The building size of sale no. 5 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.
- e) Sales nos. 5 and 7 have 10% rear building adjustments in their assessments, and would require upward adjustments.

[16] The Respondent provided four equity comparables in support of the assessment of the subject. The assessments ranged from \$110 to \$119 per square foot, with the subject's assessment at \$115.63 per square foot falling within this range, suggesting that the equity comparables were close in all factors and therefore supported the assessment of the subject. (Exhibit R-1, page 44)

[17] In his closing argument, the Respondent agreed that the assessments of the properties he had provided as sales comparables were lower than the time-adjusted sale prices, but with the support provided by his equity comparables he was requesting confirmation of the subject's assessment. He also stated that the Complainant's sale comparable no. 2 should be considered since it is similar to the subject in building size, age, and site coverage.

[18] In conclusion, the Respondent requested that the Board confirm the 2013 assessment of the subject property at \$11,517,500.

Decision

[19] The decision of the Board is to confirm the 2013 assessment of the subject property at \$11,517,500.

Reasons for the Decision

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

- a) Although the Complainant provided seven sales comparables, the Board considered only sale comparable no. 2 as appropriate because it compared well to the subject in building size, age, and site coverage. After having discounted sales comparables nos. 1 and 4, the remaining sales comparables were twenty-four to forty-two years older than the subject, rendering them quite dissimilar to the subject. Sale comparable no. 5 was in fair condition and would require an upward adjustment. Sales comparables nos. 5 and 7, both being multiple building properties, received 10% rear building adjustments while the subject, a one-building property, did not receive this adjustment in its assessment.
- b) The Board concurred with the Respondent that some of the Complainant's comparables would require either upward or downward adjustments. The dilemma that the Board faced was how to quantify the amount of the adjustments.

[21] The Board placed greater weight on the evidence provided by the Respondent for the following reasons:

- a) The building size, age, and site coverage of the Respondent's sales comparables were similar to the subject. The range of the average time-adjusted sale prices of the Respondent's sales that ranged from \$127 to \$140 per square foot, were all higher than and supported the subject's \$115.63 assessment per square foot.
- b) The equity comparables provided by the Respondent were a reasonable reflection of the attributes of the subject, and with assessments ranging from \$110 to \$119 per square foot they supported the subject's \$115.63 assessment per square foot.
- c) If the three assessments of the Respondent's three sales comparables were combined with the Respondent's equity comparables, the median would be \$112 per square foot. This amount is within the plus/minus 5% quality standard as set out in MRAT s.10 (3), again supporting the assessment of the subject property.
- d) Although the Complainant provided seven sales comparables to suggest the assessment was incorrect, the burden lies with the Complainant to provide sufficient compelling evidence upon which the Board can make a change in the assessment. This, the Complainant did not do.
- e) The Board is mindful of the limitations placed upon it by s.467(3) of the Municipal Government Act whereby it must not alter any assessment that is fair and equitable, taking into consideration standards and procedures set out in the regulations, and assessments of similar properties. In the Board's opinion, the Respondent prepared the assessment consistent with the directions set out in the legislation and regulations, and therefore the Board must not alter the assessment.

[22] The Board was persuaded that the 2013 assessment of the subject property at \$11,517,500 was fair and equitable.

Dissenting Opinion

[23] There was no dissenting opinion.

Heard October 31, 2013.

Dated this 15th 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.