

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01786

Assessment Roll Number: 1511005
Municipal Address: 11530 154 Street NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Tom Eapen, Presiding Officer
Jack Jones, Board Member
Robert Kallir, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties before the Board stated that they had no objection to the Board's composition. In addition, the Board Members stated that they had no bias with respect to this file.

Preliminary Matters

[2] There were no preliminary matters

Background

[3] The subject property consists of three single tenant office/warehouse buildings containing a total of 38,146 square feet located in the Garside Industrial neighbourhood. The buildings were constructed in 1977 (22,108 square feet), 2006 (8,238 square feet) and 2008 (7,800 square feet). The subject property has been assessed for 2013 using the direct sales comparison approach to valuation.

Issue

[4] Is the 2013 assessment of the subject property at \$7,414,500 fair and equitable?

Legislation

[5] *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 289(1) Assessments for all property in a municipality, other than linear property, must be prepared by the assessor appointed by the municipality.

(2) Each assessment must reflect

(a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and

(b) the valuation and other standards set out in the regulations for that property.

s 293(1) In preparing an assessment, the assessor must, in a fair and equitable manner,

(a) apply the valuation and other standards set out in the regulations, and

(b) follow the procedures set out in the regulations.

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.

[6] The *Matters Relating to Assessment and Taxation Regulation, Alta Reg 220/2004* (MRAT) reads:

s 2 An assessment of property based on market value

(a) must be prepared using mass appraisal,

(b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property.

s 3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

Position of the Complainant

[7] The Complainant presented evidence (Exhibits C-1, 24 pages & C-2, 4 pages) and argument for the Board's review and consideration.

[8] The Complainant presented seven sales and equity comparables (Exhibit C-1, page 1) in support of a requested reduction in the 2013 assessment of the subject property from \$194.37 to \$130.00 per square foot.

[9] The Complainant stated that the best comparables to the subject property in Exhibit C-1 were numbers 1, 3, 4 and 7. The site coverage for these four comparable properties ranged from 21% to 31% compared to the site coverage of the subject property at 18%. The Time Adjusted Sale Price (TASP) for these comparables ranged from \$104.29 to \$145.90 per square foot and the 2013 assessments of the same comparables ranged from \$112.03 to \$168.45 per square foot.

[10] The Complainant stated that multiple building properties sell for a similar value to single building properties of similar size but are assessed by the city at significantly different values with the multiple building property being assessed at a higher unit value. The Complainant indicated that the subject property, being a three building property is being over assessed under this methodology.

[11] The Complainant presented C-2 in rebuttal to address the assessment of the five sale comparable properties set out by the Respondent in Exhibit R-1. The Complainant noted that comparable number 5 in Exhibit C-2 (comparable 5 in Exhibit R-1 pages 24 and 29) contained an office component much larger than that of the subject property that affected both the TASP and the assessment value for the said comparable number 5.

[12] The Complainant critiqued the Respondent's sales comparables (R-1, page 24) noting that sales #2 to 4 were located in southeast Edmonton and sales #2 and 3 were located on main roads whereas the subject property is located in northwest Edmonton with only a rear location to a main road.

[13] The Complainant questioned the Respondent's equity comparables noting that in all cases the site coverage of the comparables was less than the subject property, three were in different neighbourhood groups (Exhibit R-1 pages 10 and 35) and only three were of similar building size as the subject property.

[14] The square footage of that section of the subject property built in 1977 was approximately 58% of the total building size of the subject property (Exhibit C-1 page 10). The City sales comparable number 5 (Exhibit R-1 page 24) was close in size to the subject property but was completely constructed in 2003 and was structurally different from the subject property.

[15] In summary the Complainant requested the 2013 assessment of the subject property be reduced from \$7,414,500 to \$4,958,500.

Position of the Respondent

[16] The Respondent presented evidence (Exhibit R-1, 65 pages) and argument for the Board's review and consideration.

[17] The Respondent outlined the mass appraisal methodology for valuing properties in the industrial inventory of the City as well as the factors affecting value (R-1, pages 4 to 14). The Respondent stated that the main factors affecting value in warehouse properties in descending order are: Main Floor Area, Site Coverage, Effective Age, Condition and Location.

[18] In support of the 2013 assessment of the subject property at \$194.37 per square foot the Respondent presented five sales comparables (Exhibit R-1, page 24). The site coverage of these five comparable properties ranged from 8% to 25% compared to the site coverage of the subject property at 18%. The time-adjusted sales price for these comparables ranged from \$193.29 to \$325.21 per square foot.

[19] The Respondent also presented a critique of the Complainant's sales comparables (R-1, page 24) and stated that other than comparable number 1 the site coverage of the Complainant's comparables was significantly higher than that of the subject property. With respect to comparable number one, which had a lower site coverage than the subject property, the building was much smaller and as a structure (Exhibit R-1 page 31) was not comparable to the subject property. It was also noted that comparable number 7 was classified by the City as a non-arm's length sale (Exhibit R-1 page 34).

[20] The Respondent also presented six equity comparables (R-1, page 35) in support of the 2013 assessment of the subject property. These assessments ranged in value from \$180.60 to \$252.84 per square foot and in site coverage from 11% to 15%.

[21] In summary the Respondent requested the 2013 assessment of the subject property be confirmed at \$7,414,500.

Decision

[22] It is the decision of the Board to reduce the assessment of the subject property for 2013 from \$7,414,500 to \$5,340,000.

Reasons for the Decision

[23] After review and consideration of the evidence and argument presented by both parties the Board finds that it is appropriate to reduce the 2013 assessment of the subject property to \$5,340,000.

[24] In reviewing sales and equity comparables presented by both the Complainant and Respondent (C-1, page 1 & R-1, pages 24 and 35) the Board found that in determining the assessment of the subject property the properties that were the most comparable to the subject property with respect to size, site coverage, age and location were the Respondent's equity comparables #1 and 3 and the Complainant's equity comparable #3. Notwithstanding the comparability of the Respondent's equity comparables #1 and 3 an adjustment needed to be made to these two comparables to take into account the fact the frontage of these properties was onto a major roadway contrary to that of the subject property.

[25] Respondent's equity comparables #1 and 3 adjusted to take into account the frontage, location, neighbourhood grouping, building size and site coverage of the properties and the qualities of the Complainant's comparable #3 support an assessment of \$140.00 per square foot for the subject property.

[26] The assessment of \$140.00 per square foot results in a value for the subject property of \$5,340,000, which the Board finds is fair and equitable.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing November 04, 2013.

Dated this 28th day of November, 2013, at the City of Edmonton, Alberta.



Tom Eapen, Presiding Officer

Appearances:

Tom Janzen, Canadian Valuation Group
for the Complainant

Cherie Skolney, Assessor, City of Edmonton
Joel Schmaus, Assessor, 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.