

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01787

Assessment Roll Number: 4235966

Municipal Address: 16910 129 Avenue 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 two single tenant office/warehouse buildings containing a total of 56,165 square feet located in the Kinokamau Plains Area neighborhood. The buildings were constructed in 1979 and 1995 and are respectively 35,319 square feet and 20,846 square feet. In addition, there is a Cost Building constructed in 1994 containing 4,620 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 \$8,045,500 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 (Exhibit C-1, 39 pages) and argument for the Board's review and consideration.

[8] The Complainant presented thirteen sales and equity comparables (Exhibit C-1, page 1) in support of a requested reduction in the 2013 assessment of the subject property from \$143.25 to \$110.00 per square foot.

[9] The Complainant stated that the best comparables to the subject property set out in Exhibit C-1 were numbers 3, 4, 6, 9 and 11. The site coverage for these five comparable properties ranged from 24% to 34% compared to the site coverage of the subject property at 16%. In addition, the site coverage for the thirteen comparables ranged from 21% to 58%. The time-adjusted sale price (TASP) for the best five comparables ranged from \$72.81 to \$130.93 per square foot and the 2013 assessments of the same five comparables ranged from \$60.64 to \$128.81 per square foot.

[10] The Complainant noted that only comparable # 9 of the Respondent's sales comparables (R-1, page 23) was in the subject's neighbourhood 20. In addition it was noted that the balance of the respondent's comparables were in higher value neighbourhoods than the subject property (Exhibit R-1 page 10). With respect to comparable #5 it was noted that the office component of the building was significantly higher than is the case with the subject property in both percentage terms and square footage. This affected both the TASP and the assessment value for the said comparable # 5.

[11] In summary the Complainant requested that the 2013 assessment of the subject property be reduced from \$8,045,500 to \$6,178,000

Position of the Respondent

[12] The Respondent presented evidence (Exhibit R-1, 69 pages) and argument for the Board's review and consideration.

[13] The Respondent outlined the mass appraisal methodology for valuing properties in the industrial inventory as well as the factors affecting value (Exhibit 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.

[14] In support of the 2013 assessment of the subject property at \$143.25 per square foot, the Respondent presented seven sales comparables (R-1, page 23). The site coverage of these seven comparable properties ranged from 8% to 20% compared to the site coverage of the subject property at 16%. The TASP for these comparables ranged from \$154.30 to \$325.21 per square foot.

[15] The Respondent also presented a critique of the Complainant's sales comparables (R-1, page 23) and stated that other than comparable number one 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 32) was not comparable to the subject property. It was also noted that comparables 10 and 11 were classified by the City as

non-arm's length sales and comparable #13 was shown to have a special financing arrangement (Exhibit R-1 pages 23 and 35-38) and as such were problematic.

[16] The Respondent also presented four equity comparables (R-1, page 39) in support of the 2013 assessment of the subject property. These assessments ranged in value from \$154.83 to \$182.06 per square foot and in site coverage from 10% to 24%. All four comparables were located in the same neighbourhood group as the subject property.

[17] In summary the Respondent requested that the 2013 assessment of the subject property be confirmed at \$8,045,500.

Decision

[18] The decision of the Board is to confirm the 2013 assessment of the subject property at \$8,045,500 as fair and equitable

Reasons for the Decision

[19] After review and consideration of the evidence and argument presented by both parties the Board finds the 2013 assessment of the subject property at \$8,045,500 to be appropriate.

[20] In reviewing sales and equity comparables presented by both the Complainant and Respondent (C-1, page 1 & R-1, pages 23 and 39) the Board found that in determining the fairness and equity of 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 four equity comparables.

[21] Comparables #10 and 11 of the Complainant were classified by the City as non-arm's length sales and comparable #13 was shown to have a special financing arrangement and as such these comparables were problematic as far as being comparable to the subject property

[22] Taking into account the variations in building size, building composition, site coverage and age of both the Complainant's and Respondent's sales comparables (other than those designated as problematic by the Respondent) the Board determined that the evidence as to value provided by the City sales comparables was more compelling.

[23] At an assessment appeal, as determined in *Calgary (City) v Alberta (Municipal Government Board)* 2010 ABQB 719, the ultimate burden of proof or onus rests with the Appellant to convince the Board that their argument, facts, and evidence are more credible than those of the Respondent.

[24] The Board finds that the 2013 assessment of the subject property at \$8,045,500 is fair and equitable.

Dissenting Opinion

[25] There was no dissenting opinion

Heard commencing November 5, 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.