

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01794

Assessment Roll Number: 10093780

Municipal Address:

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Petra Hagemann, Presiding Officer
Jack Jones, Board Member
Robert Kallir, Board Member

Procedural Matters

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

Preliminary Matters

[2] The Respondent challenged the rebuttal submitted by the Complainant as new evidence and that it should be disallowed. The Board deferred the decision on the admittance of the rebuttal until the evidence by both parties had been presented.

[3] Decision on Preliminary Matter: After reviewing the contents of the rebuttal, the Board finds that it is indeed rebuttal to the City's evidence and will be allowed to be presented by the Complainant.

Background

[4] The subject is an industrial warehouse located on an irregularly shaped 77.6 acre (3,380,513 square feet) parcel of land at 4120-84 Avenue in the Morris Industrial neighbourhood. The subject borders 84th Avenue on the south, 92nd Avenue on the north, 42nd Street on the west and 34th Street along the east. The subject has an AGI zoning (Industrial Reserve District) and is partially serviced with water, sanitary and storm sewers. A large improvement located at the south western portion of the property is assessed based on the cost approach at \$3,581,391 while the land component of the property is valued on the sales

comparison approach at \$17,021,619 (\$219,322 per acre). The total 2013 assessment of the subject property is \$20,603,000.

Issue(s)

[5] Is the 2013 assessment of the land component of the property correct?

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] The Complainant submitted a brief (C-1 and C-2) as well as a rebuttal (C-3) challenging the assessment of the subject property. The assessment of the building at \$3,581,391 is not contested; however the assessment of the land component at \$17,021,619 is contested as being excessive.

[8] The Complainant explained that the subject is only partially serviced, has a very irregular shape and topographical as well as access constraints. The limited services are only available to the extreme south west portion of the property where the improvement is located. The Complainant advised the Board that servicing the balance of the property is not possible as the present sanitary and storm sewers as well as the water lines do not have the capacity to service the remainder of the property. 84th Avenue which is presently a gravel road along the southern boundary would have to be rebuilt at a significant cost to the owner, to make adequate utility services available beyond the current location. These restrictions severely affect the future development and consequently the market value of the subject property.

[9] The Complainant had been advised that the City had applied a negative 20% adjustment for the lack of servicing to the subject, a negative 20% market area adjustment as well as a negative 20% adjustment for its very irregular shape.

[10] To convince the Board that the assessment of the land is excessive, the Complainant submitted four land sales. These land sales range in size from 15.57 acres to 30.39 acres compared to the subject's 77.6 acres. Their time adjusted sale prices based on the City of Edmonton's time adjustment factors for land sales, range from \$225,812/acre to \$402,053/acre.

In order to enhance comparability to the subject property, the Complainant further adjusted these four comparable land sales as follows:

- a. Comparable #1 at 2565 Aurum Road NE: applying the same 60% negative adjustment to this sale's time adjusted sale price as it has none of the negative attributes as the subject results in a revised time adjusted price of \$160,821/acre.
- b. Comparable #2 at 66 Street and 118 Avenue: a negative 20% adjustment each for market area and shape results in a revised time adjusted price of \$135,487/acre.
- c. Comparable #3 at 5960-17 Street: a total negative adjustment of 40% for market area and shape results in a revised time adjusted price of \$180,000/acre.
- d. Comparable #4 located at 12403 Mount Lawn Rd: this property unlike the subject is fully serviced but has an irregular shape; therefore applying a negative 20% for servicing and a negative 20% market area adjustment reduces the revised time adjusted price to \$153,336/acre.

[11] Based on the above adjusted land comparables, taking into account the subject's inferior land use classification and its much larger size, the Complainant advised the Board that a market value of the subject's land component should be \$150,000/acre or \$11,641,500.

[12] The Complainant requested the Board reduce the assessment of the subject based on \$11,641,500 for the land and adding \$3,581,391 for the building to a total of \$15,223,000.

Rebuttal

[13] The Complainant submitted a rebuttal document (C-3) to show to the Board that the services to the subject property are in fact substantially different than outlined by the Respondent in R-1, pages 23-25 and that services are only able to accommodate the south west portion of the site and its related 5 acres (assuming a typical 35% site coverage). Therefore only 6% of the 77.6 acre subject site is deemed to be serviced.

[14] The Complainant submitted an e-mail from Christina Davidson, Vice President of General Recycling Industries (C-3, pg 3) forwarded from EPCOR Water Services stating that the water line along 92nd Avenue was a dedicated feed line to Strathcona County and taking this main down for any construction work due to static pressure requirements was not possible. The Complainant advised the Board that this is contrary to the City's opinion that this line is accessible to service the subject along three points (R-1, pg 24).

[15] Further e-mails were submitted by the Complainant (C-3, pg 6-9) from Christina Davidson relaying the costs as provided by the City to install water, sanitary and storm services to the remainder of the subject site. The preliminary (worst case) total amount would be approximately \$8,406,403. This would include an upgrade to 84th Avenue and would limit future additional infrastructure development for a period of fifteen years.

[16] The Complainant reiterated that due to the partial servicing available to only 5 acres or 6% of the subject property, future redevelopment of the site is limited. This negatively affects its market value and therefore the Complainant requested the Board reduce the assessment of the subject land portion to \$150,000/ acre for a total assessment of \$15,222,891.

Position of the Respondent

[17] The Respondent submitted a brief (R-1) in support of the assessment of the subject. Included in this brief was the criteria used to apply adjustments to the industrial land assessment as outlined in the Mass Appraisal Process (R-1, pg 5-9). A property is considered serviced (R-1, pg 8) if it is or can be serviced using services located at an adjacent property. Industrial land services include storm, sanitary sewer, water, street lighting, curb/gutter and sidewalk. As the subject is lacking in some of these services, a negative 9% was applied to the assessment. A further negative 20% shape adjustment was applied as "*the shape of the property is atypical and makes some of the property unsuitable to support independent development*" (R-1, pg 8). R-1, page 7 explains that a Land Market Adjustment may be applied to account for topography or contamination levels above what can normally be adjusted for. The subject also has a 20% negative Land Market adjustment applied to its assessment.

[18] The Respondent informed the Board that the subject is the largest metal recycling plant in Edmonton. The photos (R-1, pg 16-22) illustrate the large recycling facility as well as the storage of pipes and scrap metal nearby noting that storage is not hampered by the topography of the subject land. The aerial photos (R-1, pg 24+25) outline the water pipelines along 84th and 92nd Avenues which the Respondent indicated could be tied into to supply water services to the remainder of the property should future development occur.

[19] The Respondent indicated that the Land Detail Report (R-1, pg 23) outlined the adjustments which had been applied to the assessment. The Respondent explained that 20% was applied for Land Market adjustment, 20% for the subject's extreme shape and 9% for lack of street lighting, curb & gutter. The Respondent suggested that the subject property is adequately serviced to fully function based on its current use.

[20] In respect to the lack of access suggested by the Complainant, the Respondent advised the Board that the subject is accessible from 84th Avenue (gravel road), and from 92nd Avenue and 34th Street both of which are paved. Furthermore 1,700 feet of rail line connected to the Railway transportation hub is located on the property to take its goods to market. Access therefore in the opinion of the Respondent is not an issue.

[21] The Respondent submitted four comparable land sales (R-1, pg 27) located throughout the City. These sales ranged in size from 55.63 to 111.13 acres and with time adjusted sale prices from \$199,530/acre to \$237,252/acre compared to the assessment of the subject at \$219,348/acre. After adjustments for shape and water service, the time adjusted sale prices ranged from \$248,843/acre to \$294,000/acre suggesting that the land assessment of the subject is correct and possibly on the low side.

[22] The Respondent critiqued the Complainant's comparable land sales. Sale # 4 located along the Yellowhead corridor zoned DC2 is far superior to the subject in zoning and location. The other three comparables are much smaller in size than the subject. Only comparable #1 and #4 are serviced. The Respondent noted that the Complainant's land sales are not comparable to the subject and should be given little weight by the Board.

[23] In response to the Complainant's rebuttal, the Respondent suggested that since there are no plans to develop the balance of the subject property, there is no need to service the entire property. The services are adequate for its current use and no additional reductions to the

assessment should be given for lack of services to the balance of the property which may or may not be needed in the future.

[24] The Respondent therefore requests the Board confirm the 2013 assessment of the subject property at \$20,603,000.

Decision

[25] The decision of the Board is to reduce the 2013 assessment of the subject from \$20,603,000 to \$17,258,500.

Reasons for the Decision

[26] After review and consideration of the evidence and argument presented by all parties, the Board determined that the 2013 assessment of the subject property is excessive.

[27] The Board accepts the Complainant's position that the existing services in place at the subject property are adequate for the existing building only and a land area of 5 acres based on typical 35% site coverage.

[28] The Board finds that evidence presented by the Complainant in rebuttal (C-3) clearly indicates that significant costs would be incurred by the owner to provide similar services to the balance of the site.

[29] The Board determined the assessed unit land value of \$219,348/acre is correct for a 5 acre portion of the site surrounding the building but that a further negative adjustment of 21% is required for the balance of the subject site for lack of services.

[30] The Board derived the negative adjustment of 21% from the service adjustments noted in R-1, page 8. The Respondent had applied a 9% adjustment whereas the Board determined that a full 30% adjustment is required.

[31] The Board determined the revised 2013 assessment as follows: Applying the \$219,346/acre to the 5 acres surrounding the improvement amounts to \$1,096,740. Applying \$173,283/acre ($219,348/\text{acre} - 21\%$) to the remaining 72.6 acres amounts to \$12,580,345. Adding the two land values \$1,096,740 and 12,580,345 to the \$3,581,391 value of the building results in a revised assessment of \$17,258,500.

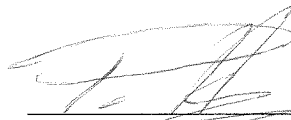
[32] The Board reduces the 2013 assessment of the subject property from \$20,603,000 to \$17,258,500.

Dissenting Opinion

[33] There was no dissenting opinion.

Heard commencing November 7, 2013.

Dated this 19th day of November, 2013, at the City of Edmonton, Alberta.



Petra Hagemann, Presiding Officer

Appearances:

Peter Smith, Canadian Valuation Group
for the Complainant

Aaron Steblyk, Assessor, City of Edmonton
Blair Rustulka, 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.