

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01797

Assessment Roll Number: 3036761

Municipal Address: 16918 114 AVENUE NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Larry Loven, Presiding Officer
Brian Hetherington, Board Member
Dale Doan, Board Member

Procedural Matters

[1] The parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

[2] At the request of the parties, the Board carried forward argument and evidence from roll number 1591056 to this roll number, where applicable.

Preliminary Matters

[3] No preliminary matters were raised by the parties.

Background

[4] The subject property is assessed as an industrial warehouse building, totaling 378,715 square feet on a 16.171 acre lot, built in 1977 with a site coverage of 48%. It is located in the Norwester Industrial Neighbourhood.

Issue(s)

[5] Is the assessment of the subject property correct in market value and in equity?

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 19 page disclosure, Exhibit C-1 ("C-1"), in support of their position that the 2013 assessment of the subject property was incorrect in market value and in equity.

[8] The Complainant provided five sales comparables summarized as follows:

#	Address	Sale Date	Main Floor Area	Bld g #	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish
1	2103 64 Ave	May-09	252,435	1	41	2001	Avg	20	9,075	9,100
2	14604 134 Ave	Sep-09	114,037	2	37	1979	Avg	17	5,974	0
3	11340 120 St	Jan-10	79,188	2	30	59/74				
4	12810 170 St	Apr-10	399,973	1	39	2008	Avg	17	16,778	0
5	16815 117 Ave	Nov-11	74,854	1	57	1980		17	16,082	16,250
Sub	16918 114 Ave		378,715	2	48	1977	Avg	2	19,275	43,900

Note: For comparative purposes, italics indicate data provided by the Respondent.

[9] The Complainant also provided adjustments based variances from the subject property in terms of building size, site coverage and effective age.

#	Address	TASP / Sq Ft (Total)	Assessed / Sq ft (Total)	Adjust / Sq Ft (Total)	Adjusted TASP / Sq Ft (Total)	Adjusted Assessed / Sq Ft (Total)
1	2103 64 Ave	\$75	\$75	-35%	\$48.72	\$49.08
2	14604 134 Ave	\$77	\$80	-20%	\$60.71	---
3	11340 120 St	\$ 48.04	\$80	-20%	\$38.43	---
4	12810 170 St	\$86	\$86	-40%	\$47.02	\$44.26
5	16815 117 Ave	\$60	\$63	-10%	\$57.28	\$60.11
Sub 16918 114 Ave			\$54.32			

Note: For comparative purposes, italics indicate data provided by the Respondent.

[10] Based on the Complainant's analysis of these sales and assessments to the subject property the Complainant considered a base year market value of \$48 per square foot to reasonable, or \$18,178,368.

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$18,178,000.

Position of the Respondent

[12] The Respondent submitted a 64 page disclosure, Exhibit R-1 ("R-1") containing an industrial warehouse brief, pictures, maps, a profile report, complainant issues, comparable sale, equity comparables, additional evidence a conclusion and law brief.

[13] The Respondent's *City of Edmonton's 2013 Industrial Warehouse Assessment Brief* listed the factors affecting the value in the warehouse inventory, stated in declining importance, as: total main floor area, site coverage, effective age, condition, location, main floor finished area, and upper finished area.

[14] The Respondent submitted a chart containing seven sales comparables summarized in the table below:

#	Address	Sale Date	Main Floor Area	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish	TASP / Sq Ft (Total)
1	10235 184 St	Feb-09	168,575	35	96/6/8	Avg	2	39,309	0	\$93
2	2103 64 Ave	May-09	252,435	41	1977	Avg	20	9,075	9,100	\$75
3	14604 134 Ave	Sep-09	114,037	37	1977	Avg	17	5,974	0	\$77
4	12810 170 St	Apr-10	399,987	39	1979	Avg	17	16,780	0	\$88
5	17915 118 Ave	Mar-11	135,566	46	1980	Avg	17	23,882	0	\$88
6	3850 98 St	Aug-11	281,056	45	1978	Avg	18	28,792	46,842	\$67
7	16411 118 Ave	Apr-12	154,927	35	79/78/11	Avg	2	40,897	5,144	\$88
Sub	16918 114 Ave		378,715	48	1977	Avg	2	19,275	43,900	\$54

[15] The Respondent's chart indicated that all its sales comparables required an overall downward adjustment. The Respondent also included a chart of the Complainant's sales comparables. This chart indicated that the Complainant's sale comparables all, excepting #3, required a downward adjustment; and, #3 was a non-arms length sale. The Board noted that the Respondent's sales comparable #2 is the same as the Complainant's sales comparable #1, and its #4 is the same as the Complainant's #4.

[16] The Respondent submitted a table of six equity comparables summarized as follows:

#	Address	Main Floor Area	Bldg Count	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish	Assmt / Sq Ft (Total)
1	13504 St Albert Tr	259,789		36	1978	Avg	2	9,702	5,578	\$68
2	14810 131 Ave	258,730		52	1978	Avg	17	4,680	0	\$53
3	17707 118 Ave	239,941		33	1985	Avg	17	7,620	0	\$68
4	16231 116 Ave	261,237		62	1982	Avg	17	13,048	0	\$52
5	11208 189 St	292,035		51	2003	Avg	17	5,841	0	\$68
6	3850 98 St	281,047		52	1978	Avg	18	28,791	46,840	\$55
Sub	16918 114 Ave	334,815	2	48	1977	Avg	2	19,275	43,901	\$54

[17] The Respondent's chart indicated that its equity comparables required some adjustment, but no overall adjustment. The Respondent also provided a chart of the complainant's five equity comparables, noting that the Complainant's equity comparables required some adjustments, but no overall adjustment.

[18] The Respondent submitted several excerpts from *The Appraisal of Real Estate, 2nd Edition* and *Basics of Real Estate Appraising, 5th Edition*, in support of its arguments regarding qualitative analysis and adjustments.

[19] The Respondent also submitted an argument regarding the Complainant's small number Assessment to Sales Ratios (ASRs) and changes to the property from the sale date to the assessment date.

Decision

[20] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$20,571,000.

Reasons for the Decision

[21] Even though the Board heard from the Complainant that its basis of adjustment relied upon approximately 1% per year in difference in age, 1% per percentage difference in site coverage and a factor for the difference in size, the Board finds that it can place little confidence in the quantitative adjustment method relied upon by the Complainant to determine a reasonable value for the subject property as no supporting evidence in appraisal theory or practice was put forward by the Complainant in support of this methodology.

[22] The Board accepts the Factors Affecting Value given in the Respondent's 2012 Industrial warehouse Assessment Brief (R-1, pp. 8-10), which, in descending order of importance, are given as: total main floor area (per building), site coverage, effective age (per building), condition (per building), location of the property, main floor finished area, and upper finished area. The Board also notes that the first three factors were used by the Complainant to determine the adjustment percentages applied to its sales comparables.

[23] From the Board's examination of the Complainant's sales comparables it appears that its sales comparable #1 most closely match the assessable factors of the subject property, although 38% smaller, with 7% less site coverage, 22 years newer and 2% less office, sold for \$75 per square foot compared to the assessed \$54 per square foot for the subject property, noted by the Respondent as requiring a downward adjustment for age and site coverage, supports the assessed value of the subject property. The Board notes that this sale comparable was also presented by the Respondent as its sales comparable #2.

[24] The second sales comparable that closely matches the assessed factors of the subject property in terms of size, although at least 30 years newer, with 9% less site coverage and 2% less finished area, presented by both parties as the Complainant's sales comparable #4 and the Respondent's #2, sold for a TASP per square foot of \$88, compared to and assessed value of \$54 per square foot for the subject property, noted by the Respondent as requiring a downward adjustment for age and site coverage, also supports the assessed value of the subject property.

[25] The Board notes that the equity comparables presented by the Complainant were also presented as its equity comparables; however, the assessments per square foot were only provided for its comparables #1, #4 and #5. Notwithstanding any adjustments that may be required in terms of the assessed factors, the Board finds the Complainant's equity comparable #4 to closely match the subject property in terms size, although at least 30 years newer with 9% less site coverage assessed at \$86 per square foot versus the subject property at \$54 per square foot, indicates that the subject property may be fairly assessed in equity in terms of age.

[26] The Board finds of the five equity comparables presented by the Respondent in terms of the assessed factors, all more closely match the subject property in terms of main floor area and age. Its equity comparable #6, also presented as its sales comparable #6, assessed at \$55 per square foot and sold at \$88 per square foot, closely matches the subject property in terms of age, site coverage and office, although 22% smaller, with proportionately 8% more office, supports the per square foot assessed value of the subject property at \$54. Similarly, the Respondent's equity comparable #2, also closely matches the subject property in terms of age, site coverage, although 39% smaller and 13% less office, assessed at \$53 per square foot, also supports the per square foot assessed value of the subject property.


[27] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$54 per square foot.

Dissenting Opinion

[28] There was no dissenting opinion.

Heard commencing November 25, 2013.

Dated this 10th day of December, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Cheuk
Suzanne Magdiak
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.