

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01799

Assessment Roll Number: 10015416
Municipal Address: 16003 118 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 a three industrial warehouse buildings, totaling 390,103 square feet on a 17.095 acre lot, built in 1998, 1980 and 1993 with site coverage of 49%. It is located in the Alberta Park 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 22 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	<i>Avg</i>	20	9,075	9,100
2	14604 134 Ave	Sep-09	114,037	2	38	1979	<i>Avg</i>	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	<i>Avg</i>	17	16,778	0
5	16815 117 Ave	Nov-11	74,341	1	58	1980			16,083	16,250
						98/80				
Sub	16003 118 Ave		367,403	3	49	193	<i>Avg</i>	2	16,043	28,699

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	\$75.50	-25%	\$56.21	\$56.63
2	14604 134 Ave	\$77	\$80	-10%	\$68.30	---
3	11340 120 St	\$ 48.04	\$80	-5%	\$45.64	---
4	12810 170 St	\$86	\$73.77	-30%	\$54.86	\$51.64
5	16815 117 Ave	\$60	\$66.43	+5%	\$66.82	\$70.13
Sub 16003 118 Ave			\$76			

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 \$60 per square foot to reasonable, or \$23,766,180.

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$23,766,000.

Position of the Respondent

[12] The Respondent submitted a 63 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 16003 114 Ave			367,404	49	98/80/ 93	Avg	2	5,091	10,911	\$76

[15] The Respondent's chart indicated that its sales comparables #1, #4, #5 and #7 all required an overall downward adjustment; #2 and #3 required no adjustment; and, #6 required an upward adjustment.. The Respondent also included a chart of the Complainant's sales comparables. This chart indicated that the Complainant's sales comparable #4 required a downward adjustment; #5 an upward adjustment; #1 and #2, no 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 four 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	18060 109 Ave	444,478	3	46	1977	Avg	2	36,244	0	\$81
2	11404 184 St	374,387	2	46	1969	Avg	2	36,667	7,455	\$87
3	18604 111 Ave	583,683	3	54	1962	Avg	17	25,168	2,440	\$79
4	4505 74 Ave	230,550	2	55	1981	Avg	18	23,758	16,630	\$84
					98/80/					
Sub	16002 118 Ave	367,404	3	49	93	Avg	2	5,092	10,912	\$76

[17] The Respondent's chart indicated that its equity comparable #3 required an overall upward adjustment; #2 and #4 required a downward adjustment; and, #1 required no adjustment. The Respondent also provided a chart of the complainant's five equity comparables, noting that the Complainant's equity comparables #1 and #4 required a downward adjustment; #5, an upward adjustment; and, #2 and #3, no 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 \$29,986,500.

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. 4-14), 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 to most closely match the assessable factors of the subject property, although 35% smaller, with 8% less site coverage, newer and 4% less office, sold for \$75 per square foot compared to the assessed \$76 per square foot for the subject property, supports the assessed value of the subject property. The Board notes that this sales comparable was also presented by the Respondent.

[24] The second sales comparable that closely matches the assessed factors of the subject property in terms of size, although at least 7 years newer, with 11% less site coverage and 7% less finished area, presented by both parties as their sales comparable #4, sold for a TASP per square foot of \$88, compared to an assessed value of \$76 per square foot for the subject property, 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 newer with 10% less site coverage assessed at \$86 per square foot versus the subject property at \$76 per square foot, indicates that the subject property may be fairly assessed in equity.

[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, site coverage and age. Its equity comparable #1, close in terms of site coverage and age, although 12% larger, with no upper office, assessed at \$81 best supports the per square foot assessed value of main floor only of the subject property at \$82.

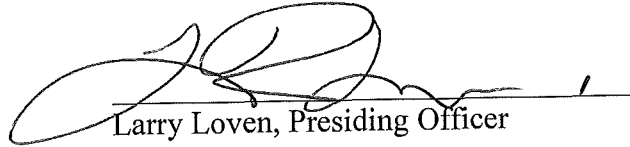
[27] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$76 per square foot.

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.