

## **Edmonton Composite Assessment Review Board**

**Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01801**

**Assessment Roll Number:** 1591056

**Municipal Address:** 11607 178 STREET NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**John C. Manning**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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

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### **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.

### **Preliminary Matters**

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

### **Background**

[3] The subject property is assessed as a single, 134,559 square foot distribution warehouse on a 5.59 acre lot, built in 1981 with a site coverage of 55%. It is located in the Armstrong Industrial Neighbourhood.

### **Issue(s)**

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

### **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 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**

[6] The Complainant submitted a 17 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.

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

#	Address	Sale Date	Main Floor Area	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish
1	2103 64 Ave	May-09	252,435	41	2001	Avg	20	9,075	9,100
2	14604 134 Ave	Sep-09	114,037	37	1979	Avg	17	5,974	5,974
3	11340 120 St	Jan-10		30	52/74	Avg			
4	12810 170 St	Apr-10	399,973	39	07/11	Avg	17	16,779	16,779
5	16815 117 Ave	Nov-11	74,341	57	1980	Avg	17	16,082	16,082
<b>Sub</b>	<b>11607 – 178 St</b>		<b>132,275</b>	<b>55</b>	<b>1981</b>	<b>Avg</b>	<b>17</b>	<b>8,386</b>	<b>2,279</b>

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

[8] 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	-30%	\$52.47	\$52.85
2	14604 134 Ave	\$77		-15%	\$64.51	
3	11340 120 St	\$ 48.04		-10%	\$43.24	
4	12810 170 St	\$88	\$73.77	-30%	\$54.86	\$51.64
5	16815 117 Ave	\$ 60	\$66.79	-5%	\$60.46	\$63.45
<b>Sub</b>	<b>11607 – 178 St</b>		<b>\$ 61</b>			

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

[9] Based on the Complainant's analysis of these sales and assessments to the subject property, the Complainant considered a base year market value of \$55 per square foot to reasonable, or \$7,400,525.

[10] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$7,400,500.

### **Position of the Respondent**

[11] The Respondent submitted a 47 page disclosure, Exhibit R-1 ("R-1") containing a industrial warehouse brief, pictures, maps, a profile report, complainant issues, comparable sale, equity comparables, additional evidence a conclusion and law brief.

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

[13] The Respondent submitted a chart containing five 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	14604 134 Ave	Sep-09	114,037	37	1979	Avg	17	5,974	0	\$77
2	17915 118 Ave	Mar-11	135,566	46	1977	Avg	17	23,882	0	\$88
3	16304 117 Ave	Apr-11	112,594	43	1977	Avg	17	7,234	0	\$85
4	14606 134 Ave	May-11	114,037	37	1979	Avg	17	5,974	0	\$81
5	16815 117 Ave	Nov-11	74,341	57	1980	Avg	17	16,082	16,250	\$60
Sub	11607 – 178 St		132,275	55	1981	Avg	17	8,386	2,279	\$61

[14] The Respondent's chart indicated that its sales comparables #1 to #4, inclusive required a downward adjustment, and its sales comparable #5 required an upward adjustment. The Respondent also included a chart of the Complainant's sales comparables. This chart indicated that the Complainant's sales comparables #1, #2 and #4 all required an overall downward adjustment; #5 required an upward adjustment; and, #3 was noted to be a non-arms length sale. The Respondent also notes that its sales comparable #1 and #5 are the same as the Complainant's sales comparables #2 and #5.

[15] The Respondent submitted a table of five equity comparable 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	12825 149 St	121,371	1	46	1969	Avg	17	1,225	0	\$60
2	10920 178 St	142,571	1	55	1987	Avg	17	5,092	10,912	\$62
3	17915 118 Ave	135,561	1	46	1977	Avg	17	23,881	0	\$65
4	14550 112 Ave	144,793	1	54	1962	Avg	17	5,426	7,752	\$50
5	18130 114 Ave	164,808	1	42	1993	Avg	17	8,951	13,795	\$71
Sub	11607 – 178 St	132,275	1	55	1981	Avg	17	8,386	2,279	\$61

[16] The Respondent indicated on its table that its equity comparables #1 and #4 required an overall upward adjustment; #5 required a downward adjustment and #2 and #3 required no adjustment. The Respondent's analysis of the Complainant's equity comparables indicated that the Complainant's equity comparable #1 to #4, inclusive, all required a downward adjustment; and its equity comparable #5 required no adjustment.

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

[18] 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**

[19] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$8,268,000.

### **Reasons for the Decision**

[20] 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.

[21] 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 factors applied to its sales comparables.

[22] From the Board's examination of the Complainant's sales comparables it appears that its sales comparable #2 most closely matches the assessable factors of the subject property in terms of main floor area, effective age, main floor office and mezzanine, although less than 20,000 square feet smaller with 17% less site coverage, sold for \$75 per square foot compared to \$61 per square foot for the subject property, 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 #1, and indicated as requiring a downward adjustment.

[23] The second sales comparable that also closely matches the assessed factors of the subject property in terms of site coverage and age, although almost 50,000 square feet smaller with greater main floor and upper office, presented by both parties as their sales comparable #5, indicated by the Respondent as requiring a downward adjustment, sold for a TASP per square foot of \$60, compared to and assessed value of \$60 per square foot for the subject property.

[24] The Board notes that the sales comparables presented by the Complainant were also presented as its equity comparables; however, the assessments per square foot were only provided for its comparable #1, #4 and #5. Again, relying on both parties sales comparable #5, presented also as the Complainant's equity comparable, the Board finds the assessed value given by the Respondent as \$63 per square foot and the Complainant as \$66.79 per square foot, support the per square foot assessed value of the subject property.

[25] The Board finds the five equity comparables presented by the Respondent to closely match the assessed factors of the subject property in terms of main floor area, site coverage, although two are from 12 to 19 years older and two are 6 to 12 years newer, the assessed value of the two equity comparables closest the effective age of the subject property, given as having assessed values per square foot of \$62 and \$65, support the assessed value of the subject property at \$61 per square foot.

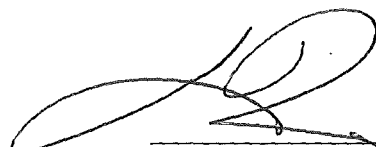
[26] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$61 per square foot.

### **Dissenting Opinion**

[27] There was no dissenting opinion.

Heard commencing November 25, 2013.

Dated this 10<sup>th</sup> day of December, 2013, at the City of Edmonton, Alberta.

  
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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.*