

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01803

Assessment Roll Number: 10167183
Municipal Address: 18507 104 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.

Preliminary Matters

[2] Immediately prior to the submission of the Complainant's rebuttal, the Respondent raised an objection in that it was stated to be new evidence. The Board recessed to consider the objection and found that the Complainant's rebuttal, in response to the Respondent's disclosure, was about the matter of the assessment amount shown on the assessment notice. Based in this finding, the Board allowed the rebuttal.

Background

[3] The subject property is a single, 123,746 square foot multi-tenant office/ warehouse building on an 8.10 acre lot. It was built in 2007 with site coverage of 34%. It is located in the Sunwapta 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.

[6] **The *Matters Relating to Assessment Complaints Regulation*, AR 310/2009 (MRAC), reads:**

s 9(1) A composite assessment review board must not hear any matter in support of an issue that is not identified on the complaint form.

Position of the Complainant

[7] The Complainant submitted a 20 page disclosure document, Exhibit C-1, in support of their position that the 2013 assessment of the subject property is incorrect in market value and in equity. To further support their position the Complainant submitted a 5-page Rebuttal disclosure, Exhibit C-2.

[8] 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	<i>Avg</i>	<i>20</i>	<i>9,075</i>	<i>9,100</i>
2	14604 134 Ave	Sep-09	114,037	37	1979	<i>Avg</i>	<i>17</i>	<i>5,974</i>	<i>5,974</i>
3	18404-104 Ave	Sep-09	72,397	34	2004	<i>Avg</i>	<i>17</i>	<i>16,216</i>	<i>480</i>
4	12810 170 St	Apr-10	399,987	39	2007	<i>Avg</i>	<i>17</i>	<i>16,779</i>	<i>0</i>
5	12959-156 St	Jul-11	98,358	42	2008	<i>Avg</i>	<i>17</i>	<i>5,621</i>	<i>1,660</i>
Sub	18507-104 Ave		118,796	34	2007	<i>Avg</i>	<i>17</i>	<i>26,191</i>	<i>4,949</i>

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. These adjustments are outlined on the following chart:

#	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%	\$93.69	\$94.38
2	14604 134 Ave	\$77	\$80	+35%	\$102.45	N/A
3	18404-104 Ave	\$104.20	\$126	+20%	\$94.04	\$88.52
4	12810 170 St	\$88	\$86	0%	\$104.20	\$132.93
5	12959-156 St	\$134.24	\$100.80	+10%	\$147.65	\$110.88
Sub 18507-104 Ave			\$ 105.91			

Note: For comparative purposes, italics indicated 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 \$95 per square foot or \$11,755,000 as reasonable.

[11] In C-2, the Complainant provided the Respondent's sales comparables with the attached 2013 assessment data for each, as summarized in the table below.

#	Address	% Site Cover	Eff Age	TASP / Sq Ft (Total)	Assessed/ Sq ft (Total)
1	18507-104 Ave	34	2007	\$140	\$105.91
2	7612-17 St	39	1995	\$127	\$94.05
3	12959-156 St	42	2008	\$134	\$100.72
Sub 18507 – 104 Ave		34	2007	\$106	\$105.91

[12] The Complainant also brought forward argument (C-1, page 2) that one bay in the subject building has never been occupied since construction in 2007. Part of the floor remains gravel and there has been no interior finish constructed. This bay contains 19,380 square feet and based on finish costs of \$25 per square foot, a value of \$484,500 should be deducted from the total value to reflect the remaining cost to finish the area. Deducting this amount from the value noted above results in a final value of \$11,271,370.

[13] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$11,271,000.

Position of the Respondent

[14] The Respondent submitted a 44 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.

[15] 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.

[16] The Respondent submitted a chart containing three 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	18507-104 Ave	Nov-09	118,800	34	2007	Avg	17	7,160	0	\$140
2	7612-17 St	Jul-10	132,720	39	1995	Avg	18	4,600	0	\$127
3	12959-156 St	Jul-11	98,358	42	2008	Avg	17	5,621	1,660	\$134
Sub	18507 – 104 Ave		118,796	34	2007	Avg	17	26,191	4,949	\$106

[17] The Respondent's chart indicated that its sales comparable #2 required a downward adjustment and the remaining two sales required no adjustment. The Respondent also included a chart of the Complainant's sales comparables. This chart indicated that the Complainant's sales comparable #3 required a downward adjustment while the remaining four sales required no adjustment. The Respondent also noted that its sales comparable #3 is the same as the Complainant's sales comparable #5. The Respondent also noted that their sales comparable #1 is the sale of the subject property.

[18] The Respondent submitted a table of four 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	12959-156 St	98,355	1	42	2008	Avg	17	5,944	1,660	\$101
2	12908-170 St	110,996	1	25	2009	Avg	17	18,999	0	\$127
3	18910-111 Ave	112,465	1	40	2007	Avg	17	18,233	1,081	\$101
4	17718-114 Ave	118,923	1	25	1999	Avg	17	10,727	0	\$104
Sub	18507 – 104 Ave	118,796	1	34	2007	Avg	17	26,191	4,949	\$106

[19] The Respondent indicated on its table that its equity comparables #1 and #3 required an overall upward adjustment, #2 required a downward adjustment and #4 required no adjustment.

[20] The Respondent's analysis of the Complainant's equity comparables indicated that the Complainant's equity comparables #1, #2, #4 and #5 all required an overall upward adjustment and #3 required a downward adjustment.

[21] 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.

[22] 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.

[23] In conclusion, the Respondent requested that the 2013 assessment of the subject property be confirmed.

Decision

[24] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$13,106,500.

Reasons for the Decision

[25] 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. However, the Board places little confidence in the quantitative adjustment method relied upon by the Complainant to determine a reasonable value for the subject property. The Complainant provided no supporting evidence in appraisal theory or practice in support of this methodology.

[26] 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 factors applied to its sales comparables.

[27] From the Board's examination of the Complainant's sales comparables it appears that the sales comparable are vastly dissimilar, particularly in building size as compared to the subject property. The Board placed little weight on these sales.

[28] The Board notes that the sales comparables presented by the Complainant were also presented as its equity comparables with the exception of sale #2. As per the Respondent's analysis of the Complainant's equity comparables, #1, #2, #4 and #5 all required upward adjustments while equity comparable #3 required a downward adjustment. In particular, the Respondent noted the very large size of the Complainant's equity comparables #1 and #4.

[29] The Board notes that the Respondent's sales comparable #1, being the sale of the subject property, indicates a TASP of \$140 per square foot which supports the assessed value of the subject property at \$106 per square foot.

[30] The Board finds the four equity comparables presented by the Respondent to closely match the assessed factors of the subject property in terms of main floor area, age and location. The assessed value of these four equity comparables range from \$101 to \$127 per square foot. Three of the equity comparables range from \$101 to \$104 and support the assessed value of the subject property at \$106 per square foot.

[31] Regarding the Complainant's request that the assessment be further reduced because of the vacant unfinished bay within the subject the Board noted that there was no evidence provided by the Complainant to support their dollar request.

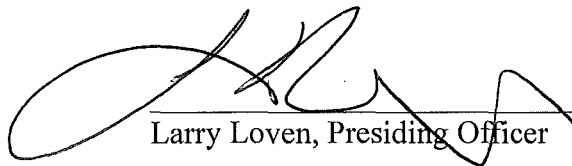
[32] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$106 per square foot.

Dissenting Opinion

[33] There was no dissenting opinion.

Heard commencing November 26, 2013.

Dated this 11th 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.