

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01808

Assessment Roll Number: 1523372
Municipal Address: 16304 117 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] No preliminary matters were raised by the parties.

Background

[3] The subject property contains two industrial warehouse buildings totaling 112,605 square feet of space on a 262,812 square foot lot. The property is located at 16304 117 Avenue in the Norwester Industrial neighbourhood. The buildings occupy approximately 43% of the site and have been assessed at \$8,805,000. Both buildings were constructed in 1977 and are classified as being in average condition.

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

[5] The Complainant submitted an 18 page disclosure, Exhibit C-1, in support of their position that the 2013 assessment of the subject property was incorrect in market value and equity.

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

#	Address	Sale Date	Main Floor Area	# Bldgs	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish
1	2103 64 Ave	May-09	<i>252,435</i>	1	<i>41</i>	2001	<i>Avg</i>	<i>20</i>	<i>9,075</i>	<i>9,100</i>
2	14604 134 Ave	Sep-09	<i>114,037</i>	2	<i>37</i>	1979	<i>Avg</i>	<i>17</i>	<i>5,974</i>	<i>0</i>
3	11340 120 St	Jan-10		2	30	52/74	<i>Avg</i>			
4	12810 170 St	Apr-10	<i>399,973</i>	1	<i>39</i>	2007	<i>Avg</i>	<i>17</i>	<i>16,779</i>	<i>16,779</i>
5	16815 117 Ave	Nov-11	<i>74,341</i>	1	<i>57</i>	1980	<i>Avg</i>	<i>17</i>	<i>16,082</i>	<i>16,250</i>
Sub	16304 117 Ave		<i>112,605</i>	<i>2</i>	<i>43</i>	1977	<i>Avg</i>	<i>17</i>	<i>7,240</i>	<i>0</i>

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

[7] The Complainant also provided adjustments based on variances to the subject property in terms of building size, site coverage and effective age, which was argued to provide a more fair and equitable assessment.

#	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	-20%	\$59.96	\$60.40
2	14604 134 Ave	\$77		-5%	\$72.10	
3	11340 120 St	\$ 48.04		-5%	\$45.64	
4	12810 170 St	\$88	\$86	-25%	\$58.78	\$55.33
5	16815 117 Ave	\$ 73	\$63	+5%	\$66.82	\$70.13
Sub 16304- 117 Ave			\$ 78			

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

[8] Based on the Complainant's analysis of these sales and assessments compared to the subject property, the Complainant considered a base year market value of \$60 per square foot or \$6,756,300 to be reasonable.

[9] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$6,756,000.

Position of the Respondent

[10] The Respondent submitted a 55-page disclosure, Exhibit R-1 ("R-1") containing an industrial warehouse brief, pictures, maps, a profile report, complainant issues, comparable sales, equity comparables, additional evidence, a conclusion and a law brief.

[11] 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.

[12] The Respondent submitted a chart containing three sales comparables, which includes the April 2011 sales of the subject property and two separate sales of the same property at 14604 134 Avenue in September 2009 and May 2011, summarized in the table below:

#	Address	Sale Date	Main Floor Area	# Bldgs	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish	TASP / Sq Ft (Total)
1	16304 117 Ave	Apr-11	112,594	2	43	1977	Avg	17	7,234	0	\$85
2	14606 134 Ave	Sep -09	114,037	2	37	1979	Avg	17	5,974	0	\$77
3	14606 134 Ave	Nov-11	114,037	2	37	1979	Avg	17	5,974	0	\$81
Sub 16304 117 Ave			112,605	2	43	77/77	Avg	17	7,240	0	\$78

[13] The Respondent argued that its sales, including the sale of the subject property, were directly comparable to the subject property in size, site coverage, age and main floor finish and supported the assessed value of the subject property at \$78 per square foot.

[14] The Respondent submitted a table of four equity comparables, all located Industrial Group 17, similar to the subject property. According to the Respondent, all have single buildings on the property, were built in the 1970s, again similar to the subject property and have similar site coverage. The information is summarized as follows:

#	Address	Main Floor Area	# Bldg	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish	Assmt / Sq Ft (Total)
1	16204 116 Ave	120,880	2+1	50	76/77	Avg	17	18,985	3,284	\$77
2	11428 168 St	96,333	2	44	77/77	Avg	17	22,534	14,449	\$77
3	16504 117 Ave	126,255	3	40	77/77/77	Avg	17	27,183	1,287	\$88
4	16206 114 Ave	111,386	3	48	78/78/83	Avg	17	33,987	26,191	\$75
Sub	16304 117 Ave	112,605	2	43	77/77	Avg	17	7,240	0	\$78

[15] The Respondent provided the Board with Tax Assessment sheets for each of the comparable properties, and also added Tax Assessment sheets for three of the Complainant's sales comparables (R-1, pp 29-36).

[16] 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.

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

Decision

[18] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$8,805,000.

Reasons for the Decision

[19] The Board heard from the Complainant, that its basis of adjustment relied upon approximately 1% per year in difference in age, 1% difference in site coverage and a factor for the difference in size. However, 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. The complainant provided no evidence in appraisal theory or practice to support this methodology.

[20] The Board accepts the Factors Affecting Value given in the Respondent's *2012 Industrial Warehouse Assessment Brief* (R-1, pp. 8-12), 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.

[21] From the Board's examination of the Complainant's sales comparables, it finds the Complainant's sales comparable #2 most closely matches the assessable factors of the subject property in terms of building size, effective age, main floor office and main floor finished space. It sold for a TASP of \$77 per square foot in September 2009 and \$81 in May 2011, compared to the assessment of the subject property at \$78 per square foot, supporting the assessed value of the subject property. The Board notes that both sales of this comparable were presented by the Respondent.

[22] The Board notes that the equity comparables presented by the Complainant were also presented as its sales comparables; however, the assessments per square foot were only provided for its comparable #1, #4 and #5. The Board finds that these comparables are similar in age and site coverage, although they vary from twice to three times the size to almost a quarter, and have similar to more than six times the relative office build, assessed from \$63 to \$86 per square foot, they support the assessed value of the subject property at \$78 per square foot.

[23] The Board finds that the four equity comparables presented by the Respondent, while being similar in age, number of buildings, with from three to six times greater relative percent office build, assessed from \$75 to \$88 per square foot, support the assessed value of the subject property at \$78 per square foot.

[24] As the Board was given no argument or evidence to suggest that the sale of the subject property was in some way tainted, the Board places great reliance on the sale of the subject property presented by the Respondent at a TASP per square foot of \$85 to strongly support the per square foot assessment of the subject property at \$78.

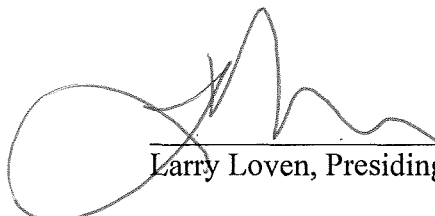
[25] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$78 per square foot.

Dissenting Opinion

[26] There was no dissenting opinion.

Heard on November 27, 2013.

Dated this 17th day of December, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Joel Schmaus
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.