

Edmonton Composite Assessment Review Board

Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01809

Assessment Roll Number: 1538552

Municipal Address: 11307 166A STREET NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

John C. Manning

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 1523372, where applicable.

Preliminary Matters

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

Background

[4] The subject property is a multi-tenant office/warehouse building measuring 114,208 square feet, on 50% of a site. It is located at 11307 166A Street in the West Sheffield Industrial neighbourhood. The property has been assessed as being in average condition and valued at \$6,849,000.

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 17 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.

[8] 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	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		2	30	52/74	Avg			
4	12810 170 St	Apr-10	399,973	1	39	2007	Avg	17	16,779	16,779
5	16815 117 Ave	Nov-11	74,341	1	57	1980	Avg	17	16,082	16,250
Sub	11307 166A St		99,771	2	50	1977	Avg	17	3,835	14,438

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

[9] The Complainant also provided adjustments based on variances to the subject property in terms of building size, site coverage and effective age, which were 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	11307 166A St		\$ 60			

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

[10] 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 \$55.00 per square foot or \$6,281,440 to be reasonable

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$6,281,000.

Position of the Respondent

[12] The Respondent submitted a 57-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.

[13] 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.

[14] The Respondent submitted a chart containing four sales comparables (R-1, p. 25), which are all located in Industrial Group 17, similar to the subject property, and were sold between September 2009 and November 2011. The chart includes two separate sales of the same property at 14604 134 Avenue in September 2009 and May 2011. The sales comparables are 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	16304 117 Ave	Apr-11	112,594	43	1977	Avg	17	7,234	0	\$85
2	14606 134 Ave	Sep -09	114,037	37	1979	Avg	17	5,974	0	\$77
3	14606 134 Ave	May-11	114,037	37	1979	Avg	17	5,974	0	\$81
4	16815 117 Ave	Nov 11	74,341	57	1980	Avg	17	16,083	16,250	\$60
Sub	11307 166A St		99,771	50	1977	Avg	17	3,835	14,208	\$60

[15] The Respondent argued that its four sales were more directly comparable to the subject property in size, site coverage and age, while the first three were also directly comparable in main floor finish. The Respondent stated that all the comparables supported the assessment of the subject property at \$60 per square foot. Comparable #4 was also assessed at \$60 per square foot while the other comparables had higher assessments per square foot.

[16] The Respondent noted that its sales comparable #4 is the same as the Complainant's sales comparable #5 and its #2 and #3, the same as the Complainant's #2.

[17] 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. 32-38).

[18] The Respondent submitted a table of three 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 Count	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish	Assmt / Sq Ft (Total)
1	14735 124 Ave	84,357	1	48	1979	Avg	17	6,135	12,970	\$64
2	12745 149 St	104,398	1	43	1975	Avg	17	8,032	0	\$68
3	14345 123 Ave	68,923	1	49	1970	Avg	17	3,377	2,700	\$66
	11307 – 166A									
Sub	St.	99,771	1	50	1977	Avg	17	3,835	14,438	\$60

[19] 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.

[20] 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

[21] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$6,849,000.

Reasons for the Decision

[22] 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 did not provide evidence in appraisal theory or practice in support of this methodology.

[23] 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.

[24] The Board accepts the Respondent's evidence that the Complainant's sales comparable #3 was a non-arm's length transaction and that it could not be considered as a valid sale.

[25] The Board finds that the Complainant's sale comparable #5 closely matches the assessable factors of the subject property in terms of main floor area, age and site coverage, although it has more than twice the amount of relative office build. Its TASP per square value of \$60 supports the assessed value \$60 per square foot of the subject property. The Board notes that this sale comparable was also presented by the Respondent.

[26] 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 \$60 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.

[27] 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 sales comparable are similar in age and site coverage, although they vary from one third less to more than double the relative office build, support the assessed value of the subject property.

[28] The Board finds that the three equity comparables presented by the Respondent, while being similar in age, number of buildings, with less than half to almost four times more relative percent office build, and assessed from \$64 to \$68 per square foot, support the assessed value of the subject at \$60 per square foot.

[29] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$60 per square foot.

Dissenting Opinion

[30] 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.