

## **Edmonton Composite Assessment Review Board**

**Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01811**

**Assessment Roll Number:** 2228849

**Municipal Address:** 12900 148 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.

[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 single-tenant office/warehouse building measuring 65,098 square feet. It is located on 50% of the 129,059 square foot lot at 12900 148 Street, in Edmonton's Bonaventure Industrial area. The building was constructed in 1973 and is classified as in average condition. The property has been assessed at a value of \$4,501,000.

### **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 25 page disclosure document, Exhibit C-1 in support of the position that the 2013 assessment of the subject property is incorrect in market value and equity.

[8] The Complainant provided seven sales comparables summarized as follows:

#	Address	Sale Date	Main Floor Area	# Bldgs	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish
1	16440 130 Ave	Jan-11	30,752	1	31	1980	Avg	20	6,157	0
2	11570 154 St	Jul-11	33,396	2 + 1	30	76/79/82	Avg	17	10,311	6,199
3	16815 117Ave	Nov-11	74,341	1 + 1	57	1980	Avg	17	16,083	16,250
4	16104 114Ave	Jan-12	65,598	2	34	77/06	Avg	17	13,907	1,120
5	12603 123 St	Jan-12	23,974	2	28	58/90	Avg	17	4,953	0
6	14350 123Ave	Jun-12	57,344	1	46	1973	Avg	17	1,536	0
7	14320 121A Ave	Jun-12	47,058	1	46	1972	Avg	17	2,840	0
<b>Sub</b>	<b>12900 148 St</b>		<b>65,098</b>	<b>1</b>	<b>50</b>	<b>1973</b>	<b>Avg</b>	<b>17</b>	<b>3,800</b>	<b>0</b>

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

[8] 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	16440 130Ave	\$103	\$112.03	-40%	\$62.57	\$67.22
2	11570 154 St	\$80.66	\$109.56	-40%	\$48.40	\$65.74
3	16815 117Ave	\$ 73	\$66.79	+10%	\$70.00	\$73.47
4	16104 114 Ave	<i>\$117</i>	\$96.88	-40%	\$59.84	\$62.97
5	12603 123 St	\$72.81	\$72.81	-35%	\$47.33	\$39.42
6	14350 123 Ave	\$79.14	\$79.14	-10%	\$71.22	\$63.86
7	14320 121A Ave	\$85.65	\$85.65	-20%	\$68.52	\$60.82
<b>Sub 12900 148 St</b>			<b>\$69.14</b>			

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

[9] 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 \$63 per square foot or a total of \$4,101,174 to be reasonable.

[10] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$4,101,000.

### **Position of the Respondent**

[9] 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 sales, equity comparables, additional evidence, a conclusion and a law brief.

[10] 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.

[11] The Respondent submitted a chart containing four sales comparables, completed between June 2009 and June 2012. The Respondent's sales comparable # 4, located at 14350 123 Avenue, was also used by the Complainant as his sales comparable # 6. The sales are summarized in the table below:

#	Address	Sale Date	Main Floor Area	# Bldg s	% Site Cover	Eff Age	Condition	Location	Main Floor Finish	Upper Finish	TASP / Sq Ft (Total)
1	11771 167 St	Jun-09	68,815	1	41	1978	Avg	2	5,800	0	\$79
2	11504 170 St	Aug -09	55,447	1	51	1981	Avg	2	9,351	11,365	\$64
3	12110 142 St	May-12	51,826	1	55	1975	Avg	2	7,544	0	\$80
4	14350 123 Ave	Jun-12	57,344	1	46	1976	Avg	17	1,536	0	\$79
<b>Sub 12900 148 St</b>			<b>65,098</b>	<b>1</b>	<b>50</b>	<b>1973</b>	<b>Avg</b>	<b>17</b>	<b>3,800</b>	<b>0</b>	<b>\$69</b>

[12] The Respondent argued that its sales were more directly comparable to the subject property in size, site coverage, age and main floor finish and they supported the assessment of the subject property at \$69 per square foot.

[13] The Respondent submitted a table of five equity comparables, all located Industrial Group 17, similar to the subject property. All have single buildings on the property, were built in the 1970s, again similar to the subject property and have similar site coverages. 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	14350 123 Ave	57,342	1	46	1976	Avg	17	1,536	0	\$71
2	14135 128 Ave	61,198	1	49	1971	Avg	17	3,200	0	\$69
3	14711 128 Ave	55,115	1	47	1975	Avg	17	4,340	2,160	\$73
4	11311 120 St	67,775	1	46	1976	Avg	17	33,260	2,880	\$78
5	14345 123 Ave	68,923	1	49	1970	Avg	17	3,377	2,700	\$66
<b>Sub</b>	<b>12900 148 St</b>		<b>65,098</b>	<b>50</b>	<b>1973</b>	<b>Avg</b>	<b>17</b>	<b>3,800</b>	<b>0</b>	<b>\$69</b>

[14] The Respondent provided the Board with Tax Assessment sheets for each of the comparable properties, and also added Tax Assessment sheets for six of the Complainant's sales comparables. The Complainant's # 5 comparable was excluded as it was considered by the Complainant to be non-arms length and special purpose (R-1, pp. 33-44).

[15] 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.

[16] 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**

[17] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$4,501,000.

### **Reasons for the Decision**

[18] 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.

[19] 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.

[20] The Board finds that of the sales comparables presented by both parties, the Complainant's #6 (also presented by the Respondent as comparable #4) is the most similar to the assessed factors of the subject property in terms of size, age and site coverage, although approximately 12% smaller, with 4% less site coverage, and half relative office build. It sold for a TSAP for \$79 per square foot, is assessed at \$71 per square foot, supporting the assessed value of the subject property at \$69 per square foot.

[21] The Board finds that the five equity comparables presented by the Respondent are similar in building size, site coverage and age, with from similar to almost nine times greater relative percent office build. They are assessed from \$66 to \$78 per square foot hence supporting the assessed value of the subject property at \$69 per square foot.

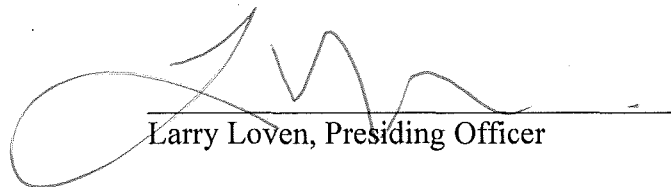
[22] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$69 per square foot.

**Dissenting Opinion**

[23] There was no dissenting opinion.

Heard on November 27, 2013.

Dated this 17<sup>th</sup> 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.*