

## **Edmonton Composite Assessment Review Board**

**Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01812**

**Assessment Roll Number:** 2219780

**Municipal Address:** 14605 128 AVENUE 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 numbers 1523372 and 1538552 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 totaling 95,411 square feet and occupying 47% of the 19,100 square foot lot. It is located at 14605 128 Avenue in the Bonaventure Industrial neighbourhood. The property has been assessed by the City as being in average condition and valued at \$6,200,500.

### **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 is 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
<b>Sub</b>	<b>14605 128 Ave</b>		<b>95,655</b>	<b>1(2)</b>	<b>47</b>	<b>1971</b>	<b>Avg</b>	<b>17</b>	<b>8,187</b>	<b>380</b>

*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	-25%	\$56.21	\$56.63
2	14604 134 Ave	\$77		-15%	\$64.51	
3	11340 120 St	\$ 48.04		-10%	\$43.24	
4	12810 170 St	\$88	\$86	-30%	\$54.86	\$51.64
5	16815 117 Ave	\$ 73	\$63	0%	\$62.56	\$66.79
<b>Sub</b>	<b>14605 128 Ave</b>		<b>\$ 65</b>			

*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 \$5,247,605 to be reasonable.

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$5,247,500.

### **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, which included 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	# Bldg	% 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	14604 134 Ave	Sep -09	114,037	2	37	1979	Avg	17	5,974	0	\$77
3	14604 134 Ave	May-11	114,037	2	37	1979	Avg	17	5,974	0	\$81
4	16815 117 Ave	Nov 11	74,341	1	57	1980	Avg	17	16,083	16,250	\$60
<b>Sub</b>	<b>14605 128 Ave</b>		<b>96,655</b>	<b>1(2)</b>	<b>47</b>	<b>1971</b>	<b>Avg</b>	<b>17</b>	<b>8,187</b>	<b>380</b>	<b>\$65</b>

[15] The Respondent argued that its sales comparables were more directly comparable to the subject property in size, site coverage, age and main floor finish, and stated that the four

comparables supported the assessment of the subject property at \$65 per square foot, which was lower than any of the sales used in the chart.

[16] The Respondent submitted a table of three equity comparable properties, all located in Industrial Group 17, similar to the subject property, and have single buildings on the property. 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)
14735 124 Ave	84,357	1	48	1979	Avg	17	6,135	12,970	\$64
12745 149 St	104,398	1	43	1975	Avg	17	8,032	0	\$68
14345 123 Ave	68,923	1	49	1970	Avg	17	3,377	2,700	\$66
<b>14605 128 Ave</b>	<b>95,655</b>	<b>1(2)</b>	<b>47</b>	<b>71/86</b>	<b>Avg</b>	<b>17</b>	<b>8,187</b>	<b>380</b>	<b>\$65</b>

[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. 29-36).

[18] [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.

[19] 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**

[20] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$6,200,500.

### **Reasons for the Decision**

[21] 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 in support of this methodology.

[22] 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: 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.

[23] From the Board's examination of the Complainant's sales comparables, it finds that the Complainant's sales comparable #5 most closely matches the assessable factors of the subject property in terms of building size and effective age, although with 10% greater site coverage and over three times the relative percent office build. It sold for a TASP of \$60 per square foot as determined by the Respondent, or \$63.64 as determined by the Complainant, compared to the assessment of the subject property at \$65 per square foot, supporting the assessed value of the subject property. The Board notes that this sales comparable was also presented by the Respondent as sale #4.

[24] From the Board's examination of the Respondent's sales comparables, it finds that the Respondent's sales comparables #2 and #3 (sale of the same property in September 2009 and again in May 2011), closely match the assessable factors of the subject property in terms of building size, and effective age, although with 10% less site coverage and almost half the relative percent office build. 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 \$65 per square foot, supporting the assessed value of the subject property. The Board notes that only the earlier sale of this comparable was presented by the Complainant.

[25] 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 twice to three times the size to almost a quarter and have similar to more than six times the relative office build. They support the assessed value of the subject property.

[26] The Board finds that the three equity comparables presented by the Respondent, while being similar in building size, and age, with from almost similar to over twice the relative percent office build, assessed from \$64 to \$68 per square foot, support the assessed value of the subject at \$65 per square foot.

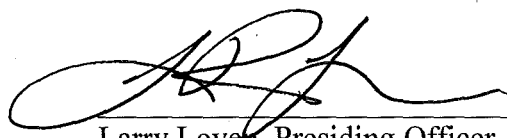
[27] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$65 per square foot.

### **Dissenting Opinion**

[28] 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.*