

Edmonton Composite Assessment Review Board

Citation: All Steel Craft Fabricators Ltd. v The City of Edmonton, 2013 ECARB 00069

Assessment Roll Number: 9985045

Municipal Address: 2830 121 Avenue NE

Assessment Year: 2013

Assessment Type: Annual New

Between:

All Steel Craft Fabricators Ltd.

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Lynn Patrick, Presiding Officer
Brian Hetherington, Board Member
Lillian Lundgren, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, both parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias in the matter.

Background

[2] The subject property is an industrial development in the Clover Bar area of Northeast Edmonton, which is used for steel fabrication and painting. The industrial manufacturing building occupies 8,506 square feet of the 59,542 square foot lot. The site coverage is 14%.

Issue

[3] Is the 2013 assessment of the subject property at \$1,983,000 correct?

Legislation

[4] **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 presented the Board with a January 2011 appraisal report on the property prepared by Bourgeois & Company (C-1) and 15 photographs of the interior of the subject property's main building, together with a Google map and two photographs of a comparable property at 12021 32 Street. (C-2).

[6] The Complainant said that the property appraisal had been undertaken in 2009 for matrimonial purposes and had been updated in 2011.

[7] The 2011 report by Bourgeois and Company valued the property at \$1,345,000, while the appraisal from 2009 had produced a value of \$1,200,000.

[8] The Complainant told the Board that the assessment of the property had increased from \$1,067,000 in 2011 to \$1,983,000 for the 2013 year, which represented a 46% increase in two years.

[9] The Complainant told the Board that Mark Holik had joined the company in the summer of 2012, when it was too late to file a complaint. This year he called the assessor to voice his concern when the assessment was received. The assessor returned the call after reviewing the file, and indicated that everything was in order.

[10] The Complainant further explained that he had asked the assessor about the frequency of site visits and was told that it was every five years. However, the previous visit had been in 2006 – seven years earlier.

[11] The assessor was asked to visit the property to measure the fabrication shop and the paint shop, which was done. This was followed by a phone call from the assessor to say that the assessment was correct.

[12] The 2011 appraisal report contained a chart of four comparable sales, which had been used to develop the value of the subject property (C-1, p. 48). Two of the sales were in the Clover Bar area, similar to the subject, while the other two were located in Leduc County. The building sizes ranged from 13,000 to 51,725 square feet, compared to the subject's net leasable area of 12,192 square feet. The land sizes of the comparables ranged from 58,806 to 312,325 square feet, compared to the subject property's land size of 59,677 square feet.

[13] The Complainant also told the Board that his property had a gravel surface, while most of the comparables presented by the Respondent were paved surfaces.

[14] The Complainant told the Board that there had been no improvements to the property and disagreed with the City's classification of the property as being in average condition, suggesting that it was only in fair condition.

[15] The Complainant added that not all of the buildings on the property are used for the business, and are being evaluated in comparison to a totally different property.

[16] Questioned by the Board, the Complainant said that the buildings on the property were used for steel fabrication, a paint shop and garage, a Quonset hut for storage, a polyurethane greenhouse and three outbuildings.

Position of the Respondent

[17] The assessor representing the Respondent presented the Board with a document supporting the assessment (R-1), which included photographs of the subject property, details of five comparable property sales, an analysis of the four sales properties presented by the Complainant, an analysis of the Bourgeois appraisal document, and an outline of the City's mass appraisal approach.

[18] The Respondent explained that he had visited the property in February, 2013 and found some cost buildings, which are not assessed at this time. He indicated, however, that this may change in future assessments of the property.

[19] The Respondent added that he had called the business to seek a time to visit the site and carry out measurements, but had been requested to call back at a later date. As an alternative, he had used an aerial software mapping program to do the measurements.

[20] The Respondent presented the Board with a chart of five sales comparables, and in the same chart included the four comparables presented by the Complainant (R-1, p 31). One of the comparable properties, at 12021 32 Street, had been included in the list by both parties. The Respondent told the Board that the data from all five of his comparables had contributed to the valuation of the subject. He further explained that the subject property was illustrated in the chart with two distinct lines, one with the details of the current assessment and a second line with the addition of a finished area in the upper part of the main building, which was not included in the current assessment, but would be in future assessments.

[21] The Respondent said that all five comparables were located in the same northeast quadrant of the city as the subject, unlike the four comparable sales presented by the Complainant, which included two in Leduc County. The time-adjusted sales prices of the five comparable properties ranged from \$141 - \$321 per square foot, compared to the assessment of the subject at \$233 per square foot.

[22] The Respondent drew the Board's attention to comments included in the appraisal report about the four comparable sales properties, including the fact that two are located in Leduc County, with one identified as of "older age and assumedly of inferior condition". The fourth of the comparable properties, located at 11821 Meridian Street NE was purchased by the Alberta Minister of Infrastructure "for the proposed expansion of the interchange and highway". He suggested that these comments gave them little relevance as direct comparables to the subject.

[23] Referring to the Complainant's presentation of the appraisal by Bourgeois & Company, the Respondent pointed out that the appraisal was identified as being for the purpose of "legal matrimonial matters" and thus had no connection to the current assessment. He also drew attention to the date of the appraisal as January, 2011, which was 18 months prior to the assessment date, suggesting that this further reduced the relevance of the report.

[24] The Respondent suggested that he had done everything he could to minimize the impact of the assessment, including not considering the second floor office space in the overall measurements. The Respondent requested that the Board place little weight on the appraisal report.

Decision

[25] The assessment is confirmed at \$1,983,000.

Reasons for the Decision

[26] The Board was of the opinion that the appraisal report, on which the Complainant relied heavily in the presentation of his submission, had little credibility for the following reasons:

- a) the report was prepared 18 months before the valuation date of the assessment;
- b) the four comparable sales included two located in Leduc County, which were less credible comparisons, while one had been purchased by the Government of Alberta for the construction of a highway interchange; and
- c) the declared purpose of the report was for matrimonial purposes, with little relevance to assessments.

[27] The Respondent persuaded the Board that the five comparable sales he had presented were more credible, in that all were located in the same northeast quadrant of the city as the subject property.

[28] The time-adjusted sales prices of the comparables, ranging from \$141 - \$320 per square foot, supported the assessment of the subject at \$233.

[29] The onus rests with the Complainant to prove the assessment is incorrect, and the Board finds the onus had not been met for the above reasons.

Heard May 6, 2013.

Dated this 23rd day of May, 2013, at the City of Edmonton, Alberta.

Lynn Patrick, Presiding Officer

Appearances:

Bob Holik

Mark Holik

for the Complainant

Luis Delgado, Assessor

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.