

Edmonton Composite Assessment Review Board

Citation: Cindy Ann D'Amore v The City of Edmonton, 2014 ECARB 00320

Assessment Roll Number: 7787831

Municipal Address: 7119 104 Street NW

Assessment Year: 2014

Assessment Type: Annual New

Assessment Amount: \$697,500

Between:

Cindy Ann D'Amore

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
George Zaharia, Presiding Officer
Lillian Lundgren, Board Member
Robert Kallir, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties indicated they did not object to the Board's composition. In addition, the Board members stated they had no bias with respect to this file.

Preliminary Matters

[2] There were no preliminary matters.

Background

[3] The subject property is an industrial warehouse building located at 7119 104 Street NW in the Strathcona Junction neighbourhood. The building built in 1956, comprises 4,249 square feet of total space that includes 977 square feet of main floor finished space. The building is situated on a lot 7,790 square feet (0.18 acres) in size with site coverage of 55%.

[4] The subject property was valued on the direct sales approach resulting in a 2014 assessment of \$697,500 (\$164 per square foot).

Issues

[5] Is the \$139,000 (25%) increase the 2014 assessment over the 2013 assessment unreasonably high?

Position of the Complainant

[6] The Complainant submitted an appraisal dated May 15, 2012 that established a value of \$545,000 based on a direct sales comparison approach. No further analysis of the appraisal was provided by the Complainant.

[7] The Complainant stated that the last three years of assessments of the subject property were: in 2012 \$513,000; in 2013 \$558,500; and in 2014 \$697,500, an increase of \$139,000 or 25% over the 2013 assessment. The Complainant considered this increase unreasonable.

[8] The Complainant requested the Board to reduce the 2014 assessment from \$697,500 (\$164/square foot) to \$560,000 (\$132/square foot).

Position of the Respondent

[9] The Respondent stated that the 2013 assessment of the subject was fair and equitable. To support his position, the Respondent presented a 55-page assessment brief (Exhibit R-1) that included law and legislation.

[10] The Respondent submitted sales of three comparable properties that occurred between September 12, 2008 and December 5, 2012. The properties sold for time-adjusted sales prices ranging from \$145 to \$187 per square foot for main floor space, with the subject's \$164 per square foot assessment falling within this range. The comparables were reasonably similar to the subject as follows: the age of the subject building built in 1956 was slightly older than the comparables that were built between 1964 to 1974; the 55% site coverage of the subject fell within the range of the comparables from 41% to 76%; and the subject's main floor finished space at 23% fell within the range of the comparables that had 13% to 33% of finished main floor space. (Exhibit R-1, page 14)

[11] The Respondent submitted five equity comparables all located on the same major roadway as is the subject. The equity comparable properties were assessed from \$155 to \$174 per square foot with the assessment of the subject property falling within this range. The equity comparables were reasonably similar to the subject as follows: the age of the subject building built in 1956 fell at the lower end of the range of the comparables that were built between 1954 and 1973; the 55% site coverage of the subject fell at the low end of the range of the comparables from 55% to 65%; and the subject's main floor finished space at 23% fell within the range of the comparables that had 17% to 50% of finished main floor space. The Respondent considered equity comparable no. 3 as being the most similar to the subject in that it was only two years older than the subject, was 550 square feet larger than the subject, but had double the amount of finished main floor space, these variations reflected in a slightly higher assessment of \$167/square foot compared to the subject's \$164/square foot assessment. (Exhibit R-1, page 15)

[12] The Respondent provided a review of the sales comparables included in the appraisal that had been provided by the Complainant. The properties sold for time-adjusted sales prices ranging from \$137 to \$293 per square foot for main floor space, with the subject's \$164 per square foot assessment falling at the lower end of this range. The comparables were reasonably similar to the subject as follows: the age of the subject building built in 1956 was at the low end of the comparables that were built between 1956 and 1984; the 55% site coverage of the subject was at the higher end of the range of the comparables from 8% to 65%; and the subject's main floor finished space at 23% fell within the range of the comparables that had 0% to 35% of finished main floor space. (Exhibit R-1, page 19)

[13] The Respondent included a July August 2012 Avison Young Real Estate Alberta newsletter addressing industrial properties that concluded "*owner/users are willing to spend more money than investors for like properties*" and that two-thirds of industrial properties are owner/user occupied. (Exhibit R-1, pages 20 and 22)

[14] The Respondent addressed the approach to value used in valuing industrial properties. Since two-thirds of the industrial inventory is owner/user occupied, there would be no rental income information to value these properties using the income approach. As well, if the income approach was used, then information from only one-third of the properties would form the basis of establishing value for this type of property. Since there were many sales of industrial properties, the City used the direct sales approach to establish assessments for industrial properties.

[15] In summation, the Respondent argued that a large year over year percentage increase is not in itself, without more evidence, sufficient reason to suggest an assessment is too high. He suggested that the Complainant's request to reduce the assessment of the subject to \$132, which fell between the two lowest sales comparables included in the appraisal submitted by the Complainant, was way too low. He argued that the market was going up, in particular, for older properties, and stated that the Complainant had not met onus.

[16] In conclusion, the Respondent requested that the Board confirm the 2014 assessment of the subject property at \$697,500.

Decision

[17] The decision of the Board is to confirm the 2014 assessment of the subject property at \$697,500.

Reasons for the Decision

[18] The Board was not persuaded to place any weight on the Complainant's position that the 2014 assessment was 25% higher than the 2013 assessment, suggesting that the 2014 assessment was too high. The Board concurs with the information provided by the Respondent that was included in Exhibit R-1 page 54 wherein it was written that both Municipal Government Boards and Assessment review Boards have dealt with this argument on numerous occasions, and "*in each case respective Boards have held that each year's assessment is independent of the previous assessments, and the mere fact of a large percentage increase without more evidence, is not enough information to draw a conclusion that an assessment is too high.*"

[19] Other than questioning the perceived high percentage increase in the assessed value of the subject, the Complainant did not provide any sales or equity comparables that could support her position that the assessment was too high.

[20] The Board placed greater weight on the evidence provided by the Respondent for the following reasons:

- a) The assessment of the subject at \$164 per square foot fell within the range of the time-adjusted sale prices of the Respondent's three sales comparables for total main floor space. These sale comparable prices ranged from \$145 to \$187/square foot, supporting the \$164/square foot assessment of the subject.

- b) The assessments per square foot of the five equity comparables for total main floor space ranged from \$155 to \$174/square foot. The assessment of the subject at \$164/square foot fell within this very tight range. In addition, since the equity comparables were very similar to the subject, minimal adjustments would have to be made.
- c) The Board was satisfied that both the sales and equity comparables provided by the Respondent reflected reasonably the characteristics of the subject property, and where discrepancies occurred, the Respondent advised where there would have to be either upwards or downward adjustments.
- d) The assessment of the subject at \$164/square foot fell at the low end of the range of the time-adjusted sale prices of the twelve sales comparables used by the Consultant in preparing the appraisal of the subject property for the owner. These sales comparable prices ranged from \$137 to \$293/square foot for main floor space, supporting the \$164/square foot assessment of the subject.

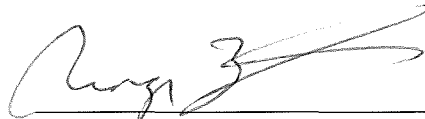
[21] The Board was persuaded that the 2014 assessment of the subject property at \$697,500 was fair and equitable.

Dissenting Opinion

[22] There was no dissenting opinion.

Heard May 22nd, 2014.

Dated this May 26th day of May, 2014, at the City of Edmonton, Alberta.



George Zaharia, Presiding Officer

Appearances:

Cindy Ann D'Amore
for the Complainant

Jason Baldwin, City of Edmonton
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.

Appendix

Legislation

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.

Exhibits

C-1 – Complainant’s Evidence – Appraisal of Subject – 72 pages

R-1 – Respondent’s Evidence – Assessment and Law Brief – 57 pages