

Edmonton Composite Assessment Review Board

**Citation: Robert Gagne, AEC Property Tax Solutions v The City of Edmonton, 2014
ECARB 00522**

Assessment Roll Number: 1307701
Municipal Address: 9621 27 Avenue NW
Assessment Year: 2014
Assessment Type: Annual New
Assessment Amount: \$13,259,500

Between:

Robert Gagne, AEC Property Tax Solutions

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Harold Williams, Presiding Officer
Judy Shewchuk, Board Member
Mary Sheldon, 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] At the outset of the hearing for roll # 9538000, council for the Respondent requested that all witnesses be sworn in. There were no objections to this request and witnesses for both parties were sworn by Board member Sheldon. Sworn status for witnesses for this hearing stood from roll # 9538000.

Background

[3] The subject property under complaint is classified by the City as industrial warehousing and is located at 9621 27 Avenue NW within the Parsons Industrial subdivision. The subject property contains one building built in 1984. The main floor area for the building is 8,053 square feet. The subject property was valued by the City using the Direct Sales Comparison approach resulting in a 2014 assessment of \$13,259,500.

Issues

[4] Is the 2014 assessment of the subject property fair and equitable when considering the sales of comparable properties?

Position of the Complainant

[5] The Complainant provided the Board with evidentiary documents Exhibits C-1 and C-2. Exhibit C-1, page 11, provides a listing of three properties that sold between January 2013 and June 2013 that the Complainant stated are similar to the subject property.

[6] Exhibit C-1, pages 12 – 23, provided plot plans and photographs of the comparable properties, and pages A-2 to A-5 contained sales record sheets for the comparable properties.

[7] Exhibit C-2 showed information on the sales comparisons provided by the City. The Complainant made an argument on Exhibit C-2 page 3 that the City's comparisons were not reliable indicators of assessment value nor assessment equity because the comparisons were too new in relation to the subject property.

[8] The number of buildings on the comparable properties ranged from one to three, in comparison to the subject property with one building. Total building square footage on the comparables ranged from 60,360 square feet to 110,000 square feet. Site coverage for the three properties ranged from 16% to 19%, in comparison to the subject property at 15%. Time adjusted sale prices (TASP) ranged from \$117.52 per square foot to \$134.93 per square foot.

[9] The Complainant pointed out that finding comparable properties that have sold with site coverage similar to the subject property is difficult. However the Complainant argued that the sales comparisons provided in Exhibit C-1 showed that the assessment per square foot of the subject property at \$151.96 is much greater than the time adjusted sales price (TASP) per square foot of the comparisons and that the assessment per square foot of the subject property should be \$129.00 to reflect the median of the TASPs per square foot of the comparisons.

[10] The Complainant also pointed to sales comparison #2 (Exhibit C-1, page 11) as the single best comparison to the subject property.

[11] Finally the Complainant' in reference to the above information asked the Board to reduce the 2014 assessment of the subject property from \$13,259,500 to \$11,256,000.

Position of the Respondent

[12] The Respondent provided the Board with evidentiary document Exhibit R-1, containing information on the sales of properties and assessment equity comparables that the Respondent stated were similar to the subject property. It also contained information on Mass Appraisal, the City of Edmonton's assessment process, Factors Affecting Value, Provincial Assessment Quality Standards, and Law and Legislation governing assessment in Alberta, carried forward from roll # 9538000.

[13] Exhibit R-1, page 28 showed a listing of five properties that sold between November 2009 and April 2013. The properties all contained one building as did the subject property. Total building square footage ranged from 41,990 square feet to 118,797 square feet. Site coverage for the five properties ranged from 25% to 41%, in comparison to the subject property at 15%. Time

adjusted sale prices ranged from \$140.81 per square foot to \$159.12 per square foot. The Respondent also indicated that it was difficult to find sales comparisons with similar site coverage to the subject property but argued that the comparisons provided did support the 2014 assessment of the subject property.

[14] Exhibit R-1, page 34 showed a listing of three properties that the Respondent stated were similar to the subject property and that supported the 2014 assessment of the subject property. The properties all contained one building as did the subject property. Total building square footage ranged from 50,452 square feet to 79,557 square feet. Site coverage for the three properties ranged from 10 % to 22%, in comparison to the subject property at 15%. Assessments per square foot ranged from \$151.25 to \$160.50 in comparison to the subject properties assessment of \$151.96 per square foot.

[15] The Respondent critiqued the Complainant's sales comparables pointing out that the Complainant's sale #1 was a purchase by the City of Edmonton although there was no analysis provided to relate to any possible influence on the sale. The Complainant's sale comparison #2 was shown to be a manufacturing plant built in 1958 and assessed on a cost approach as a special purpose property. The Complainant's sale comparison # 3 was shown to be within the County of Strathcona and not within the city of Edmonton. The Respondent argued that a sale outside the assessment jurisdiction may be useful but that there was no analysis in this case as to whether the County of Strathcona market is similar to the City of Edmonton market.

[16] Finally the Respondent argued that all of the above information indicated that the Complainant's sales comparisons were not reliable indicators of value for the subject property and asked the Board to confirm the 2014 assessment of the subject property at \$13,259,500.

Decision

[17] The decision of the Board is to confirm the 2014 assessment of the subject property at \$13,259,500.

Reasons for the Decision

[18] The Board reviewed the sales comparisons information provided by both parties. The Board agreed with the Respondents argument that the Complainant's sales comparisons were not reliable indicators of value because of the issues expressed in the Respondent's critique (paragraph 15) of the Complainant's comparisons (purchase of comparable 1 by the city, special purpose nature of comparable 2, and location of comparable 3).

[19] The Board also had concern with the sales comparisons provided by the respondent particularly because three of the five comparisons were much newer buildings than the subject property and because site coverage for the comparisons were noticeably higher than that of the subject property.

[20] The Respondent indicated (Exhibit R-1, page 28) that adjustments to the sales comparisons would be necessary to have them more closely compare to the subject property. However it was noted by the Board that neither the Respondent nor the Complainant provided any quantification for possible adjustment's to their sales comparisons.

[21] Finally the Board reviewed Assessment Equity comparisons (Exhibit R-1, page 34). In the Board's opinion these comparables were more closely aligned with the subject property.

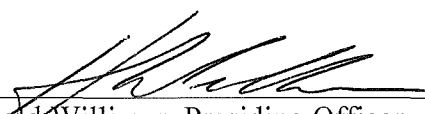
[22] There remained some concern over age differences of the properties shown in the assessment equity comparisons but site coverage percentages were much closer and it appeared that the subject property had been treated equitably for the 2014 assessment.

Dissenting Opinion

[23] There was no dissenting opinion.

Heard June 9, 2014.

Dated this 2nd day of July, 2014, at the City of Edmonton, Alberta.


Harold Williams, Presiding Officer

Appearances:

John Smiley
for the Complainant

Cam Ashmore
Marty Carpentier
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

Complainant: C-1 28 pages
C-2 23 pages

Respondent: R-1 49 pages