

## **Edmonton Composite Assessment Review Board**

**Citation: VGB Holdings Ltd. as Represented by AEC Property Tax Solutions v The City of Edmonton, 2014 ECARB 00524**

**Assessment Roll Number:** 1516855  
**Municipal Address:** 15820 116 Avenue NW  
**Assessment Year:** 2014  
**Assessment Type:** Annual New  
**Assessment Amount:** \$6,452,500

Between:

**VGB Holdings Ltd. as Represented by AEC Property Tax Solutions**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### **DECISION OF**

**Robert Mowbrey, Presiding Officer**

**Jack Jones, Board Member**

**Joseph Ruggiero, Board Member**

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### **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 raised by the parties

### **Background**

[3] The subject property, zoned as IH, is a 34,559 square foot warehouse constructed in 1998, located in the Alberta Park Industrial Area of Edmonton. The building is described as being in average condition and is classified as Industrial Group 17 (Core Northwest). The building is a single-tenant industrial property located on 4.391 acres of land, with site coverage for this property of 17%.

### **Issues**

[4] Is the 2014 assessment of the subject property at \$6,452,500 correct?

## **Position of the Complainant**

[5] In support of the assessment, the Complainant submitted Exhibit C-1, consisting of 25 pages (Complainant's Submission of Evidence to the Assessment Review Board), and Exhibit C-2, consisting of 21 pages (Submission of Rebuttal to the Assessment Review Board).

[6] The Complainant presented five sales comparisons in Exhibit C-1. Three sales comparables are located in the same Industrial Group Location, 17 Core Northwest, as the subject property, while two others are located in the slightly more desirable Industrial Group 18, Core South.

[7] All five of the Complainant's sales comparables occurred between September of 2010 and April of 2013 and, according to the Complainant's computations, reflect a time-adjusted sales price (TASP) per square foot ranging from \$89 to \$211. The subject property is assessed at \$186.71 per square foot (rounded to \$187).

[8] Based on the Complainant's information, the median TASP unit value of the sales comparables is \$144, the average is \$145, and the requested unit value for the assessment, originally at \$160, was reduced to \$149, resulting in a requested assessment value of \$5,149,251 as opposed to the 2014 assessment of \$6,452,500.

[9] In Exhibit C-1, the Complainant stated that three comparables, #1, #4 and #5, with TASP unit values of \$160, \$144, and \$121 respectively, offer the most likely range of value for the subject and originally proposed that the subject be assessed at a unit value of \$160.

[10] After reviewing the Respondent's comparables, the Complainant prepared a new chart as displayed in Exhibit C-2, page 20, comparing the actual assessments for each of the Respondent's sales comparables to their respective TASP. The Complainant emphasized that the Assessment to Sales Ratios (ASRs) for the Respondent's sales comparables were all less than 1.0 ranging from 0.71 to 0.97, with a median of 0.76. The corresponding TASP per square foot for each sales comparable were also consistently greater than their respective assessments per square foot (TASP unit values ranged from \$116 to \$194 and assessment unit values from \$102 to \$173).

[11] Accordingly, the Complainant concludes that using TASP as a basis for determining the fairness of the subject property's assessment is not appropriate in this situation.

[12] As further support, the Complainant prepared another chart that lists five sales comparables that "best reflect the subject property". The five comparables include two extracted from the Respondent's evidence, two more from the Complainant's evidence and a fifth comparable that is common in the evidence of both parties. The median TASP unit value of the five comparables on this chart is \$149, the median assessment unit value is \$141 and the median ASR is 0.89

[13] Using this information, the Complainant requests that the Board recognize the inequity in the 2014 assessment of the subject. Notwithstanding the fact that the median assessment per square foot of comparables is \$141, the Complainant requested that the assessment be reduced to \$149 per square foot, or \$5,149,291.

## **Position of the Respondent**

[14] In support of the assessment, the Respondent presented Exhibit R-1, Assessment Brief, consisting of 55 pages.

[15] On page 15 of R-1, two charts created by the Respondent are displayed: one with seven sales comparables the Respondent selected, and the other with the five sales comparables previously disclosed by the Complainant.

[16] With respect to the Complainant's five sales comparables, the Respondent argued that four should not be used for the following reasons:

- a. One sale was based on existing income generated by the property. This resulted in an April 2013 selling price below market value and a 2014 TASP unit value of \$63.
- b. Another was sold in 2010 to a buyer whose intent to subdivide the land impacted the sale price and thus is not a good indicator of value, nor is the resulting 2014 TASP unit value of \$121.
- c. Two other sales comparables are located in a different Industrial Group Location (18) than the subject (17), thus reducing their reliability as comparables.

[17] The Respondent concluded that only the Complainant's sales comparable #1 (11603 180 Street) is a valid sales comparable.

[18] The Respondent's seven sales comparables are all located in Industrial Group 17. The Respondent noted that sales comparable #6 was also presented by the Complainant as its sales comparable #1.

[19] The Respondent's sales comparables have 2014 TASP unit values ranging from \$137 to \$194, compared to the assessed unit value of \$187 for the subject.

[20] The Respondent concludes that its seven sales comparables fully support the assessment.

[21] The Respondent also presented a chart of Equity Comparables listing three properties: two in Industrial Group 17 and one in Industrial Group 18. The equity comparables have 2014 TASP unit values of \$216, \$226 and \$204 respectively (compared to \$187 assessed for the subject). The site coverage percentage for each of the three equity comparables ranges from 9% to 22% (17% for the subject property), their main floor areas range from 17,701 to 40,139 square feet (32,209 square feet for the subject property), and their total building square footage ranges from 19,000 square feet to 44,559 square feet (34,559 square feet for the subject).

[22] The Respondent concludes that its three equity comparables also fully support the subject's 2014 assessment (\$187 per square foot).

[23] Based on the foregoing evidence and argument, the Respondent requests that the Board confirm the 2014 assessment of the subject at \$6,452,500.

## **Decision**

[24] It is the decision of the Board to reduce the assessment of the subject property for 2014 from \$6,452,500 to \$5,149,000 (\$149 per square foot).

## **Reasons for the Decision**

[25] The Board placed greatest weight on the sales comparable that was selected by both parties (11603 – 180 Street) as representing the characteristics of the subject property. Using the correct square footage of this property, the TASP unit value is \$161 per square foot. This value is substantially lower than the assessment value of the subject property at \$187 per square foot.

[26] In addition, the Complainant's rebuttal supported the assertion that the subject property was over assessed in relation to comparable properties.

[27] With respect to the Respondent's seven sales comparables, after due consideration the Board determined the following:

- a. Three properties have characteristics that resemble those of the subject: sales comparables #2 (10439 – 176 Street), #5 (15210 Yellowhead Trail), and #6 (11603 – 180 Street), including their effective ages, lot sizes, Industrial Group Location (17), and square footages. These comparables have a TASP unit value range of \$149 to \$194 and an assessment unit value range of \$116 to \$173.
- b. The remainder of the Respondent's sales comparables would not be relied upon for purposes of the Board's decision for the following reasons:
  - i. Sales comparable #1 was seven years newer (2005 versus 1998 for subject) and was more than double in area (74,799 square feet versus 34,559 for subject). Consequently, this property was deemed to be less reliable as a comparable to the subject.
  - ii. Sales comparables #3, #4 and #7 were considered to be older buildings (1972, 1979 and 1977 versus 1998 for the subject) and therefore less reliable as comparables to the subject.

[28] Similarly, with respect to the Complainant's sales comparables:

- a. The Board did not consider sales comparables #2 (5880 - 56 Avenue) and #4 (7603 McIntyre Road) as good indicators of value with respect to the subject's assessment because they are located in a different Industrial Group (18 versus 17 for the subject).
- b. The Board did not rely on the Complainant's comparable #3 because of its age (1976 versus 1998 for subject), size (57,343 square feet versus 34,559 for subject), site coverage (34% versus 17% for subject) and also as a result of a question surrounding whether the valuation methodology (income approach) was reliable for comparison to the subject.
- c. The Board did not rely on the Complainant's comparable #4 because of concern expressed by the Respondent as to whether the transaction and price were

motivated by factors that could suggest a distress sale. As a result, this comparable was not used in deciding on the Complainant's request for a reduction in the assessment amount.

- d. The Board accepts the Complainant's sales comparable #1, 11603 – 180 Street, as a comparable property in making its determination on the fairness and equity in the 2014 assessment of the subject.

[29] With respect to the Respondent's equity comparables:

- a. The Board did not utilize equity comparable #1 in its decision because it is a relatively new property compared to the subject, and has a very low (9%) site coverage.
- b. The Board did not utilize equity comparable #2 in its decision due to its size - it is a too small to be considered comparable to the subject (19,000 square feet versus the subject's 34,559).
- c. The Board did not use equity comparable #3 because it is in a different Industrial Group Location (18 versus the subject's 17).

[30] As for the Complainant's equity comparables, the Board determined there was sufficient information to make its decision without formally addressing these properties.

[31] In summary, the Board places considerable weight upon the Complainant's chart in Exhibit C-2, page 21 that three of the Respondent's sales comparables, #1, #2 and #3 on Exhibit C-2, are "best". These support the Complainant's request for a reduction in the assessment.

[32] The Board rejects the Respondent's submission that the subject is fairly assessed on an equity basis. The Board finds that the equity comparables proposed are not sufficiently similar to the subject.

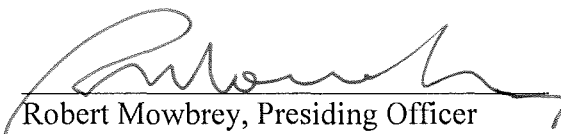
[33] Accordingly, the Board accepts the Complainant's request to reduce the subject's 2014 assessment from \$6,452,500 (\$187 per square foot) to \$5,149,000 (\$149 per square foot). The reduction will ensure that the subject's assessment is fair and equitable.

#### **Dissenting Opinion**

[34] There was no dissenting opinion.

Heard June 16, 2014.

Dated this 20th day of June, 2014, at the City of Edmonton, Alberta.

  
Robert Mowbrey, Presiding Officer

**Appearances:**

John Smiley, Senior Consultant, AEC Property Tax Solutions  
Maciej Kudrycki, AEC Property Tax Solutions  
for the Complainant

Melissa Zayac, Assessor, City of Edmonton  
Steve Lutes, Legal Counsel, 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 Brief (25 pages)

C-2 – Complainant’s Rebuttal (21 pages)

R-1 – Respondent’s Brief (55 pages)