

Edmonton Composite Assessment Review Board

Citation: John C. Manning v The City of Edmonton, ECARB 2012-001790

Assessment Roll Number: 10131943

Municipal Address:

Assessment Year: 2012

Assessment Type: Annual New

Between:

John C. Manning, CVG for 1358307 Alberta Ltd

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Hatem Naboulsi, Presiding Officer
George Zaharia, Board Member
Howard Worrell, Board Member

Preliminary Matters

[1] There were no preliminary matters. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

[2] Evidence and arguments are carried forward, where relevant, to this file from roll number 10131300.

Background

[3] The subject property has two improvements located on the lot. Building one is a single-tenant office/warehouse building containing a total of 6,600 square feet and was built in 2010. Building two is a Quonset building containing 1,740 square feet and was built in 2008. The subject property is located in the Pylypow Industrial neighbourhood of southeast Edmonton. The property is an interior lot zoned IM with effective zoning of IM, 106,292 square feet (2.4 acres) in size with site coverage of 6.2% based on Building one only.

[4] The subject was assessed using the direct sales approach resulting in a 2012 assessment of \$2,988,500 (\$452.80 per square foot).

Issue(s)

[5] Is the subject property assessed in excess of its market value when compared to sales/equity of similar properties?

Legislation

[6] The Municipal Government Act reads:

Municipal Government Act, RSA 2000, c M-26

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 into evidence a 15-page brief identified as C-1, arguing that the current assessment of \$2,988,500 is excessive compared to sales and equities of similar properties. In support of this position, the Complainant submitted four sales/equity comparables of similar properties. The sales occurred between March 2010 and June 2011, the properties selling for prices ranging from \$177.13 to \$378.68 per square foot. The assessments for these properties ranged from \$196.22 to \$338.59 per square foot (Exhibit C-1, page 1).

[8] The Complainant stated that Building two (the Quonset building) was assessed based on its depreciated replacement cost, and based on a rate of \$20 per square foot, the value of this improvement would be \$35,000 (rounded) (Exhibit C-1, page 2).

[9] Based upon his sales/equity comparables, the Complainant placed most weight on sale # 3 that was considered to have the most similar physical characteristics to the subject property (Exhibit C-1, page 2).

[10] In conclusion, based on a value of \$325.00 per square foot for Building one and \$20.00 per square foot for Building two, the Complainant requested the Board to reduce the 2012 assessment of the subject property from the original \$2,988,500 to \$2,180,000 (Exhibit C-1, page 2).

Position of the Respondent

[11] The Respondent submitted into evidence a 39-page brief identified as R-1, arguing that the current assessment of \$2,988,500 is fair and equitable when compared to sales and equities of similar properties. He also submitted a 44-page law and legislation brief.

[12] In support of this position, the Respondent submitted a total of five sales comparables of properties with improvements. The sales occurred between January 11, 2008 and November 18, 2010 for time-adjusted sales prices ranging from \$197.41 to \$363.93 per square foot (Exhibit R-1, page 8).

[13] Additionally, the Respondent submitted eleven sales comparables of vacant land zoned IM, IL, and IB that sold between July 29, 2010 and May 26, 2011 for values ranging from \$560,448 to \$676,855 per acre resulting in an average of \$631,233 per acre. The sizes of these parcels of land ranged from 0.91 to 6.96 acres (Exhibit R-1, page 14).

[14] The Respondent submitted three equity comparables of properties with site coverage 6% to 11%. The assessments ranged from \$271 to \$344 per square foot. The Respondent also included a fourth equity comparable of a property with a site coverage of 1% that resulted in an assessment of \$1,015 per square foot. The Respondent explained that this high value was a product of the land value (Exhibit R-1, page 26).

[15] The Respondent advised the Board of factors that were found to affect value in the warehouse inventory, those being: location, lot size, age and condition of the building, size of the main floor, the amount of finished area on the main floor, as well as developed upper area (Exhibit R-1, page 35). Upper unfinished mezzanine space was not assessed.

[16] In summary, the Respondent:

- i. Stated that the Complainant's sales comparables #'s 3 and 4 sold for in excess of \$300 per square foot.
- ii. Stated that the Respondent's sales comparable # 1 sold for \$363.93 per square foot.
- iii. Stated that land size and age of the improvement affect value.
- iv. Suggested that the Complainant had the onus to prove that the assessment was incorrect.

[17] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at \$2,988,500.

Decision

[18] The decision of the Board is to confirm the 2012 assessment of the subject property at \$2,988,500.

Reasons for the Decision

[19] The Board was not persuaded by the Respondent's argument that the Complainant had not met onus. Although the Board did not change the assessment, the Board carefully considered the Complainant's comparables in arriving at its decision.

[20] Although the sales/equity comparables submitted by the Complainant were similar to the subject in site coverage and were reasonably similar in building size, the Board placed less weight on some the Complainant's sales/equity comparables, and found that one of the sales provided reasonable support for the subject's assessment.

- i. Sale # 1 is located in northeast Edmonton while the subject is in southeast Edmonton and with a lot 0.54 acre smaller in size than the subject, the subject's additional land would have to be factored in.
- ii. Sale # 2 has a lot 1.68 acres smaller in size than the subject and this additional land would have to be factored in.
- iii. Sale # 3 was identified by the Complainant as the best comparable but an upward adjustment would be required to account for its older age, and based on the Complainant's evidence that the Quonset building would add an additional \$35,000, the adjusted assessment of sale # 3 would better reflect the assessment of the subject.
- iv. Sale # 4 is an interesting comparable in that with a sale price of \$378.68 per square foot almost at the valuation date of July 1, 2011, and requiring an upward adjustment to account for its 1966 versus 2010 age, and based on the Complainant's evidence that the Quonset building would add an additional \$35,000, the adjusted assessment of sale # 4 would be very reflective of the assessment of the subject.

[21] The Board placed considerable weight on the Respondent's sales comparables. All the sales comparables were older than the subject by as little as nine years and as much as twenty-five years, requiring an upward adjustment to each of the comparables. All the lot sizes were smaller than the subject by as little as 34,816 square feet and as much as 73,029 square feet requiring an upward adjustment to each of the comparables to account for the subject's additional land. Using sale # 1 as an example, when adjusting the building size to result in a 6% site coverage as the subject, and adjusting for the larger land size of the subject, the time-adjusted sale price of sales comparable # 1 would increase to \$481.52 per square foot, supporting the subject's \$452.80 per square foot assessment.

[22] The Board placed some weight on the Respondent's first three equity comparables. All were within nine years of the age of the subject, and the building sizes were similar. However, all of the sites were smaller than the subject, necessitating an upward adjustment in their assessments.

[23] The Board placed little weight on the Respondent's fourth equity comparable since the assessment of \$4,274,500 or \$1,015 per square foot as shown on page 26 is not supported by the City's detailed report on page 30 where the assessment is shown as \$3,114,000 or \$739.66 per square foot. As well, with site coverage of 1.4%, this was not comparable to the subject.

[24] The Board was persuaded that the 2012 assessment of the subject property in the amount of \$2,988,500 was fair and equitable.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard commencing September 17, 2012.

Dated this 4th day of October, 2012, at the City of Edmonton, Alberta.

Hatem Naboulsi, Presiding Officer

Appearances:

Tom Janzen, CVG
for the Complainant

Luis Delgado, Assessor
for the Respondent