

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, ECARB 2012-001833

Assessment Roll Number: 10131300
Municipal Address: 3403 ROPER ROAD NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

CVG

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.

Background

[2] The subject property is a single-tenant office/warehouse building containing a total of 44,933 square feet. It was built in 2011 and is located in the Pylypow Industrial neighbourhood of southeast Edmonton. The property is a corner lot zoned AGI with effective zoning of IL, 1,102,384 square feet (25.3 acres) in size with site coverage of 4%. It is on a major roadway.

[3] The subject was assessed using the direct sales approach resulting in a 2012 assessment of \$17,164,500 (\$382.01 per square foot).

Issue(s)

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

Legislation

[5] 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

[6] The Complainant submitted into evidence a 15-page brief identified as C-1, arguing that the current assessment of \$17,164,500 is excessive compared to sales 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 August 2011, the properties selling for prices ranging from \$177.13 to \$314.07 per square foot. The assessments for these properties ranged from \$156.80 to \$338.59 per square foot (Exhibit C-1, page 1).

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

[8] In conclusion, based on a value of \$325.00 per square foot, The Complainant requested the Board to reduce the 2012 assessment of the subject property from the original \$17,164,500 to \$14,603,500 (Exhibit C-1, page 2).

Position of the Respondent

[9] The Respondent submitted into evidence a 39-page brief identified as R-1, arguing that the current assessment of \$17,164,500 is fair and equitable when compared to sales of similar properties. He also submitted a 44-page law and legislation brief.

[10] In support of this position, the Respondent submitted a total of four sales comparables of properties with improvements. The sales occurred between March 28, 2008 and January 4, 2011 for time-adjusted sales prices ranging from \$65.29 to \$136.93 per square foot (Exhibit R-1, page 14).

[11] 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 (Exhibit R-1, page 14). The sizes of these parcels of land ranged from 0.91 to 6.96 acres.

[12] Based on a value of \$631,233 per acre, the Respondent offered an example for the Board's consideration. To allow for a 30% site coverage, the amount of land required to accommodate the 44,933 square foot building is 3.4 acres. In the case of the subject property, there would be 21.9 acres of excess land and at the average value of \$631,233 per acre this amounts to a value of \$13,824,003 or \$308 per square foot. When the \$308 is added to the value of the building inclusive of the required land, the total value would support the \$382.01 per square foot assessment of the subject property.

[13] 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.

[14] In summary, the Respondent:

- i. Stated that the Complainant had failed to account for the newness of the subject building.
- ii. Suggested that if a value of \$200 per square foot for the excess land was added to the \$230.62 per square foot of Complainant's sales comparable # 3, that the resulting \$430 per square foot would support the \$382.01 per square foot assessment of the subject property.

[15] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at \$17,164,500.

Decision

[16] The decision of the Board is to confirm the 2012 assessment of the subject property at \$17,164,500.

Reasons for the Decision

[17] In absence of any compelling evidence from the Complainant to justify a change in the assessment of the subject property, the Board confirms the 2012 assessment for the following three reasons:

- i. Although the Complainant provided four sales/equity comparables, comparable # 3 with a building size of 43,360 square feet was similar to the subject, but with a site size of 10.9 acres compared to the subject's 25.3 acres, this sale was considered not comparable to the subject.
- ii. The other three sales/equity comparables with building sizes ranging from 4,500 to 21,453 square feet and lot sizes ranging from 1.86 acres to 5.04 acres were considered non-comparable properties.
- iii. The Board was not persuaded by the Complainant's argument that properties with low "site coverage" should be compared to other properties with similar low site coverage, and that the actual size of the land is not that relevant. Following is an example of why

the Board was not persuaded by this argument. A 4,000 square foot building located on a 100,000 square foot lot results in a 4% site coverage. A 40,000 square foot building located on 1,000,000 square foot lot results in the same 4% site coverage. However, the Board could not see how the value of the additional 900,000 square feet of land is captured in the value of the building.

[18] However, if it was found that the Complainant had provided compelling evidence, it is the position of the Board that the value of the property should not be less than if it was a vacant piece of land. In the case of the subject, dividing the total assessment of \$17,164,500 by the 25.3 acres results in a value of \$678,439 per acre. The difference between this value of \$678,439 and the \$631,233 per acre average of the Respondent's sales of vacant land is \$47,206. Applying this difference to the 25.3 acres results in a value of \$1,194,312, and when divided by the size of the building, the value of the building is \$26.58 per square foot is, which is arguably well below what the cost of construction would be.

[19] The Board placed little weight on the Respondent's sales comparables since with time-adjusted sales prices that ranged from \$65.29 to \$136.93 per square foot they bore no relationship to the assessment of the subject at \$382.01 per square foot. However, the Board placed more weight on the Respondent's position that there was a value to the excess land. When the value of the excess land was added to the value of the building, this resulted in a fairer representation of the value of the property.

[20] The Board was persuaded that the 2012 assessment of the subject property in the amount of \$17,164,500 was fair and equitable.

Dissenting Opinion

[21] There was no dissenting opinion.

Heard commencing September 17, 2012.

Dated this 2nd 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