

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, ECARB 2012-001945

Assessment Roll Number: 8953796

Municipal Address: 9803 33 AVENUE NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

CVG for Winnington Properties (1984) 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 8634750.

Background

[3] The subject property is a multi-tenant office/warehouse complex consisting of two buildings built in 1981 and is located at 9803 33 Avenue NW in the Parsons Industrial neighbourhood. The two buildings have a total of 24,058 square feet of space, and there is no finished mezzanine space. The buildings are situated on an interior lot zoned IM, 46,313 square feet in size (1.06 acres) for a site coverage of 52%. It is not on a major roadway.

[4] The subject was assessed using the direct sales approach resulting in a 2012 assessment of \$2,644,000 (\$109.90 per square foot).

Issue(s)

[5] Is the subject property assessed in excess of its market value when compared to sales 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 an 18-page brief identified as C-1, arguing that the current assessment of \$2,644,000 is excessive compared to sales of similar properties. In support of this position, the Complainant submitted six sales comparables of similar properties. The sales occurred between May 2009 and September 2010, the properties selling for time-adjusted sales prices ranging from \$91.36 to \$121.94 per square foot (Exhibit C-1, page 1).

[8] Based upon his sales comparables, the Complainant placed most weight on sales #'s 2, 4 and 5 that were considered to have the most similar physical characteristics to the subject property (Exhibit C-1, page 2).

[9] The Complainant included in his brief, a Composite Assessment Review Board (CARB) decision regarding the 2011 assessment where the decision of the CARB was to reduce the 2011 assessment of the subject from \$2,888,000 to \$2,564,000 (Exhibit C-1, pages 10 – 13).

[10] In summary, the Complainant spoke of the high site coverage, and that the two buildings are perpendicular to the road with parking space between the two buildings.

[11] In conclusion, based on a value of \$95.00 per square foot, the Complainant requested the Board to reduce the 2012 assessment of the subject property from the original \$2,644,000 to \$2,300,000.

Position of the Respondent

[12] The Respondent submitted into evidence a 35-page brief identified as R-1, arguing that the current assessment of \$2,644,000 is fair and equitable when compared to sales of similar properties. He also submitted a 44-page law and legislation brief.

[13] In support of this position, the Respondent submitted four sales comparables that occurred between November 24, 2009 and May 10, 2011 for time-adjusted sales prices ranging from \$105.12 to \$114.94 per square foot (Exhibit R-1, page 24). All of the comparables were one-building properties while the subject had two buildings, and are located in the southeast quadrant of the city as is the subject. The Respondent argued that multiple building properties sell for more than single building properties.

[14] The Respondent provided a critique of the Complainant's sales, showing some different building sizes from those obtained from third party reports of the sales of the comparables (Exhibit R-1, page 21). Following are his observations:

- i. The Respondent changed the building sizes of sales comparables used by the Complainant since the City does its own measurements of all properties.
- ii. Sales #'s 5 and 6 were considered "not-at-arms-length" (NAL) sales and therefore should not be used as comparables.

[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 8). Upper unfinished mezzanine space was not assessed.

[16] The Respondent brought to the Board's attention that the Municipal Government Board has ruled on a number of occasions that "market value" encompasses a range and the issue is whether the assessment falls within the range of value (Exhibit R-1, page 29). Section 10 of the *Matters Relating to Assessment and Taxation Regulation* sets out the range in the quality standard as being +/- 5%.

[17] In summary, the Respondent:

- i. Pointed out that the Respondent's comparable sale # 2 and the Complainant's comparable sale # 4 were the same
- ii. Suggested that the Complainant had failed to meet onus - to prove that the assessment was incorrect.

[18] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at \$2,644,000.

Decision

[19] The decision of the Board is to confirm the 2012 assessment of the subject property at \$2,644,000.

Reasons for the Decision

[20] The Board was not persuaded by the Respondent's argument that the Complainant had not met onus. In arriving at its decision, the Board relied on some of the Complainant's sales comparables.

[21] With regards to the previous decision of a CARB, this Board is not bound by the previous Board decision.

[22] The Board placed some weight on the Complainant's sales comparables #'s 1 to 4. The ages of the comparables were quite similar to the subject, and the building sizes, although mostly smaller were those that the same group of purchasers would consider buying. As well, there would have to be adjustments to sales #'s 1, 3 and 4 to account for the lower site coverage of between 36% and 44% compared to the subject's 52%.

[23] The Board placed some weight on the Respondent's sales comparables since age and site coverage were very similar. The building sizes, although all smaller were those that the same group of purchasers would consider buying.

[24] By taking into consideration the Complainant's sales comparables #'s 1 to 4, resulting in an average of \$105.24 per square foot, and the Respondent's sales comparables # 1 to 4, resulting in an average of \$109.68 per square foot, without applying any adjustments, these resulting averages supported the assessment of the subject at \$109.90 per square foot. The Complainant's comparables at an average of \$105.24 per square foot is 4.2% lower than the subject's \$109.90 per square foot assessment, or within the +/- 5% quality standard as identified in section 10 of the *Matters Relating to Assessment and Taxation Regulation*.

[25] The Board was persuaded that the 2012 assessment of the subject property at \$2,644,000 is fair and equitable.

Dissenting Opinion

[26] There was no dissenting opinion.

Heard commencing September 19, 2012.

Dated this 12th day of October, 2012, at the City of Edmonton, Alberta.

Hatem Naboulsi, Presiding Officer

Appearances:

Peter Smith, CVG
for the Complainant

Joel Schmaus, Assessor
for the Respondent