

## **Edmonton Composite Assessment Review Board**

**Citation: 803865 Alberta Ltd. c/o CVG v The City of Edmonton, 2012 ECARB 1243**

**Assessment Roll Number:** 3191558

**Municipal Address:** 10920 178 STREET NW

**Assessment Year:** 2012

**Assessment Type:** Annual New

Between:

**CVG Canadian Valuation Group, Agent**

Complainant

and

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

Respondent

---

### **DECISION OF**

**Don Marchand, Presiding Officer**

**John Braim, Board Member**

**Lillian Lundgren, Board Member**

---

### **Preliminary Matters**

[1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members indicated that they had no bias in the matter before them.

### **Background**

[2] The subject property comprises a single tenant, office-warehouse property located in the north-west industrial district of Wilson. The building was constructed in 1987 and extends to a gross main floor area of 131,658 sq ft including 5,092 sq ft of office accommodation, plus an additional 10,912 sq ft of finished mezzanine offices for a total building area of 142,570 sq. ft.

[3] It is located on 5.54 acres of IM zoned land resulting in a site coverage ratio (SCR) of 54.53%. The current assessment was produced by the Direct Sales Comparison Approach to value and equates to a unit rate of \$58.01/ sq ft of total building area, or \$62.82/ sq ft of the main floor area. The assessment under complaint is \$8,270,000.

### **Issue(s)**

[4] Is the assessment of the subject property at market value?

## **Legislation**

[5] The Board's jurisdiction is within the ***Municipal Government Act, RSA 2000, c M-26*** [MGA]:

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.

[6] The Board gave consideration to the requirements of an assessment, contained in the MGA:

289(2) Each assessment must reflect

- a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and
- b) the valuation and other standards set out in the regulations for that property.

[7] The valuation standard is set out within the **Matters Relating to Assessment and Taxation Regulation, Alta. Reg. 220/2004** [MRAT]:

s 2 An assessment of property based on market value

- a) must be prepared using mass appraisal,
- b) must be an estimate of the value of the fee simple estate in the property, and
- c) must reflect typical market conditions for properties similar to that property

[8] Market value is defined within the MGA as

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;

### **Position of the Complainant**

[9] The Complainant filed this complaint on the basis that the subject property had been assessed at a rate higher than the market value comparable properties in the area.

[10] The Complainant provided the Board with a chart of five sales of single and multi-tenant warehouse properties located in the north-west quadrant of the city that had sold between May 2010 and December 2011. The comparable sales ranged in age from 1956/69 to 1979; in size from 26,800 sq ft to 84,854 sq ft and had site coverage ratios (SCR) that ranged from 33% to 58%. The sales were all time adjusted to valuation day and produced sales values that ranged from \$52.40 per sq ft to \$63.64 per sq ft whereas the subject property is assessed at \$58.01/ sq ft of gross floor area.

[11] In response to questioning as to how a unit rate of \$52.00/ sq ft had been concluded from a range of \$52.40/ sq ft to \$63.64/sq ft, the complainant stated that additional adjustments were required to his time adjusted sale prices to compensate for the differences in SCR, age and size when comparing each sale to the subject. For example, a 50% SCR was slightly better than a 55% SCR and a downward adjustment should be made to the unit rate; a smaller property would require a downward adjustment to when comparing it to a larger building as the economies of scale came into play; conversely an older building would require an upward adjustment to the rate when comparing it to a newer building.

[12] In conclusion the Complainant stated that considering the subject's size and SCR a rate of \$52.00/ sq ft was considered reasonable, as a result of which the assessment should be reduced to \$7,413,500.

### **Position of the Respondent**

[13] In support of the assessment the Respondent provided a chart of six sales of industrial warehouse properties that were considered to be comparable to the subject. The sales ranged in age from 1961 to 2007; in size from 72,877 sq ft to 163,368 sq ft and had site coverage ratios that ranged from 28% to 54%. The sales were time adjusted to valuation day and produced unit values that ranged from \$80.43 per sq ft to \$139.31 per sq ft which supports the assessment of \$55.72 per sq ft.

[14] As additional support for the assessed value the Respondent also provided the Board with an equity chart to demonstrate that the subject property had been assessed equitably with other similar properties. The six properties in the chart were reasonably similar in terms of SCRs, condition and total floor area as the subject. All had main floor offices and four of the six had mezzanine offices like the subject. The gross main floor area of the equity comparables ranged from 114,212 sq ft to 179,025 sq ft. The SCRs ranged from 46% to 55% and the assessed values equated to unit rates ranging from \$54.16/ sq ft to \$75.62/ sq ft which supports the assessment of the subject property as it falls within the range.

[15] The Respondent also provided rebuttal information with respect to the Complainant's sales. The Respondent stated that the Complainant's sale #2 at 14345 – 123 Avenue had been purchased at a discounted price. Discussion with the purchaser had revealed that the property

required major roof repairs, at the time of purchase, estimated to cost \$850,000. The purchaser was aware of this and had discounted the price as a result.

### **Decision**

[16] The decision of the Board is to confirm the 2012 assessment of \$8,270,500.

### **Reasons for the Decision**

[17] The Complainant sales comparables are all located in the north-west quadrant and with one exception they have higher site coverage ratios, like the subject. However, they were all older buildings than the subject and were smaller to substantially smaller than the subject. The Board was informed downward adjustments were required for the smaller size properties, and upward adjustments for the older buildings. However no adjustment factors were provided to the Board to enable them to make the sales more meaningful. Two of the sales were post facto. The net result is that the Complainant's time adjusted sale prices tend to support the current assessment.

[18] The Respondent six comparable sales were either newer or substantially newer, or older or substantially older than the subject building. One was located in the south-east industrial district and was considerably older than the subject property but had a much lower SCR than the subject. Sale #5 and #6 of the Respondent were the only good comparable sales in terms of SCR, time of sale, total building size and condition. Although they were, respectively 10 years older and 10 years newer than the subject the time adjusted values of \$82.62/ sq ft and \$80.43/ sq ft support the assessment. Moreover the lack of a mezzanine area in these two sales was than compensated by the much larger main floor office space. As such, these two sales provide good support to the current assessment.

[19] The Board finds that although equity was not an issue, the Respondent's evidence relating to the equity of the subject was meaningful and supports the assessment. The six sales were all located in the north-west industrial district; had higher SCRs, like the subject and were in similar condition.

[20] The Board is satisfied that the subject assessment, which equates to \$58.01 per square foot, is within the range of comparable sales provided and considered to be most similar to the subject. The assessment is confirmed at \$8,270,500.

Heard commencing October 31, 2012.

Dated this 29<sup>th</sup> day of November, 2012, at the City of Edmonton, Alberta.

---

Don Marchand, Presiding Officer

**Appearances:**

Tom Janzen

for the Complainant

Cam Ashmore

Mary-Alice Nagy

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.*