

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2012 ECARB 1802**

**Assessment Roll Number:** 9949706

**Municipal Address:** 18353 118 Avenue NW

**Assessment Year:** 2012

**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

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

Respondent

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**DECISION OF**  
**Warren Garten, Presiding Officer**  
**Brian Hetherington, Board Member**  
**James Wall, Board Member**

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### **Preliminary Matters**

[1] Upon questioning by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members expressed no bias with regards to the subject.

### **Background**

[2] The subject property is an office/warehouse building occupying 25,729 square feet (sq. ft.) of a 205,104 sq. ft. lot, located at 18353 118 Avenue in the Edmiston Industrial area of Northwest Edmonton. The site coverage amounts to 13%. The building includes a main floor office of 2,830 sq. ft. and a finished mezzanine of 3,766 sq. ft. The subject property has been assessed for 2012 utilizing the direct sales comparison approach to valuation, based on sales occurring between January 2008 and June 2011.

### **Issue(s)**

[3] Is the Market Value, based on the Direct Comparison Approach to Value, correct?

### **Legislation**

[4] 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**

[5] The Complainant presented evidence (C-1) and argument for the Board’s review and consideration.

[6] The Complainant argued that the subject is over assessed based on the Direct Comparison Approach, supported by the sales comparisons.

[7] The Complainant presented the Board with a list of 10 comparable sales from Northwest Edmonton, which had been concluded between June 2009 and May 2011 (C-1, p. 1 with details on pp 8-17). The age of these properties ranged from having a year built of 1971 to 2002, with one having two buildings, which were constructed in 1989 and 2006. The buildings ranged in size from 10,089 sq. ft. to 54,555 sq. ft. compared to the subject property’s size of 29,495 sq. ft. The site coverages ranged from 15% to 50%, while the subject occupied 13% of its site. The time-adjusted selling prices (TASPs) of the comparable properties ranged from \$59.85 to \$132.63, compared to the assessment of the subject at \$163.95.

[8] The Complainant suggested to the Board that his comparable properties #1, #2, #3 and #10 were the most suitable for comparison with the subject.

[9] The Complainant further suggested that the most weight should be given to comparable #3, a precast concrete building with a two-storey office structure.

[10] Under cross examination, the Complainant acknowledged presenting a wide range of properties from the area, and indicated that this was done in the interests of “efficiency and philosophy”, and that he wanted to show a wide range of warehouses in the area of the subject.

[11] Questioned by the Board, the Complainant acknowledged that the purchaser of his comparable #3 planned to renovate the building.

### **Position of the Respondent**

[12] The Respondent presented evidence (R-1) and argument for the Board’s review and consideration.

[13] The Respondent outlined mass appraisal methodology for valuing properties (R-1, pp 4 - 8) and informed the Board that the subject property had been valued by Direct Sales Comparison. Factors found to affect value in the warehouse inventory include location, size of lot, age and condition of buildings, total main floor area, amount of finished area on the main floor and developed upper area (R-1, p. 7).

[14] The Respondent stressed that the assessment models, the process utilized and the results are submitted annually to the Assessment Services Branch of the Department of Municipal Affairs for audit purposes. The Respondent indicated that the audit had been passed and that the City of Edmonton had met all governing legislation including regulations and quality standards.

[15] The Respondent indicated that the Direct Sales Comparison Approach to valuation provided the best indication of value for buildings such as the subject property.

[16] The Respondent presented the Board with a chart of five comparable sales (R-1, p. 18, with detailed presentations on pp 19-23). Four of the properties were located in close proximity to the subject, while the fifth was in Winterburn.

[17] The comparable sales ranged in size from 10,220 sq. ft. to 27,800 sq. ft., compared to the 29,495 sq. ft. of the subject property. The lot sizes ranged from 43,057 sq. ft. to 213,132 sq. ft., with site coverages ranging from 5-39%. In comparison, the subject property occupied 13% of a 205,103 sq. ft. lot.

[18] The Respondent informed the Board that the sales of the five comparable properties had been concluded between October, 2008 and April, 2010. The TASP's of the five comparable properties ranged from \$158.46 to \$391.60, compared to the assessment of the subject property at \$163.95.

[19] The Respondent presented evidence to the Board to diminish the credibility of two of the Complainant's comparables. He claimed that comparable #1 was a duress sale (R-1, p. 24), where the sale price was not reflective of market value, while comparable #5 involved the sale of a partial interest between partner companies (R-1, p. 25).

[20] On questioning by the Board, the Respondent said that he had concentrated on presenting properties with a lower site coverage, with the exception of his comparable #5.

[21] In closing, he asked the Board to confirm the assessment at \$4,836,000.

### **Rebuttal by the Complainant**

[22] The Complainant presented a rebuttal document (C-2) which indicated that the only comparable which had been presented by the Complainant that was subject to doubt, was #5, which had involved one person being involved with both parties in the sale.

### **Decision**

[23] The decision of the Board is to reduce the assessment to \$154.00 per sq. ft. with a total revised assessment of **\$4,542,000**

### **Reasons for the Decision**

[24] In reaching its decision, the Board considered all argument and evidence.

[25] The Board had difficulty in accepting the comparable properties submitted by the Respondent, as they had such wide variabilities, with their site coverages ranging from 5 – 39% and all five being smaller than the subject.

[26] The Board also discounted the property at 22507 112 Avenue, in Winterburn, as it believed this to be too far distant from the subject to be a suitable comparable.

[27] While being less than half the size of the subject property, the Board accepted the Respondent's #3 comparable, located at 17633 114 Avenue, for its calculations, as it was close in age and site coverage.

[28] The Board discounted most of the ten comparable sales presented by the Complainant, as they did not have direct relationships to the subject. However, the Board agreed that his comparables #2 and #10, which were constructed within five years of the subject and were in the subject's vicinity, were factors that should be considered.

[29] In reaching its decision of an appropriate assessment, the Board used the three identified sales outlined above – the Respondent's sale #3 and the Complainant's sales #2 and #10, which had TASP's of \$199.45, \$132.63 and \$131.33 respectively. These produced an average TASP of \$154.47, rounded to \$154.

### **Dissenting Opinion**

[30] There was no dissenting opinion.

Heard on October 16, 2012.

Dated this 9 day of November, 2012, at the City of Edmonton, Alberta.

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Warren Garten, Presiding Officer

### **Appearances:**

Peter Smith  
for the Complainant

Marty Carpentier  
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.*