

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1807

Assessment Roll Number: 9940759

Municipal Address: 11204 151 Street NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Warren Garten, Presiding Officer

Brian Hetherington, Board Member

James Wall, Board Member

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 a single-tenant office/warehouse building containing a total of 27,708 square feet (sq. ft.) of space occupying 16.1% of the 161,351 sq. ft. lot, located at 11204 151 Street in the High Park Industrial area of Edmonton. The building includes a main floor office of 1,700 sq. ft and a finished mezzanine of 1,699 sq. ft. and was constructed in 1997. 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?

[4] Is the assessment of the subject property fair and equitable, compared to 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 presented evidence (C-1) and argument for the Board’s review and consideration.

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

[8] The Complainant provided four sales comparables from the same Northwest quadrant of the city as the subject property (C-1, page 1, supported by detailed sheets of the four properties on pages 8-15). These had time adjusted sales prices (TASPs) of \$56.09 to \$117.48 per sq. ft. and Assessments ranging from \$93.18 - \$128.47 per sq. ft. These compared to the assessment of the subject property at \$149.51 per sq. ft.

[9] The Complainant asked the Board to consider his sales comparables # 1 and 3 as the most similar in location to the subject, adding that the remaining two were located on main roads, making them less comparable to the subject.

[10] In summary and closing, the Complainant asked the Board to reduce the assessment of the subject to \$120 per sq. ft., for an assessment of \$3,324,500.

Position of the Respondent

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

[12] 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).

[13] 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.

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

[15] The Respondent presented the Board with a chart of six sales comparables (R-1, p. 19, with details on pp 20-25) of which five were in the vicinity of the subject property, while the sixth was located in Winterburn, close to the Henday ring road.

[16] The Respondent told the Board that four of his five comparables located close to the subject property had low site coverage, similar to the subject. The Respondent also advised the Board that the Winterburn property was similar to the subject in terms of site coverage.

[17] The neighbouring properties were built between 1981 and 2004, while the Winterburn property was built in 2007. The subject was built in 1997.

[18] The Respondent told the Board that the time adjusted selling prices (TASPs) of his comparables ranged from \$147.57 to \$391.60 per sq. ft., which he said compared favourably to the assessment of the subject at \$149.51 per sq. ft.

[19] The Respondent also presented the Board with a list of four equity comparables, which were all located in West Edmonton, similar to the subject (R-1, p. 26). The assessments per sq. ft. of these comparables ranged from \$152.96 to \$160.35, with an average of \$156.06.

[20] The Respondent also expressed concern about three of the Complainant's four comparables. He said that research had shown that comparable #1 was sold under duress (R-1, p. 27), while comparable # 2 was a sale between related parties (R-1, p. 28). This reduced the list provided by the Complainant to two sales. He also said that # 3 had vacancy issues and was older than the subject, which reduced the Complainant's comparables to one property.

Decision

[21] The decision of the Board is to confirm the assessment at **\$4,142,500.**

Reasons for the Decision

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

[23] The Board noted that all the sales comparables presented by both parties, with the exception of the property in Winterburn, were in the same geographic region of the city, which made them appropriate comparables.

[24] The Board accepted the argument presented by the Respondent that three of the four comparable sales presented by the Complainant should be regarded with suspicion. Research had shown that sale #1 was completed with the vendor being highly motivated to sell below market value; sale #2 was completed between related parties, with the vendor being the sole director of the purchasing company; and sale # 3 had vacancy concerns. This left only one sale presented by the Complainant, and one sale does not make a market.

[25] The Board agreed that the Winterburn property submitted by the Respondent should be disregarded as being out of context to the subject. Similarly, the Board discounted the

Respondent's sale # 5 as being an outlier with a price of \$391.60 per sq. ft. However, if the remaining four comparable sales – all in the vicinity of the subject – were analyzed, they produced an average TASP of \$178.47 – markedly higher than the assessment of the subject at \$149.51.

[26] The Board also considered the Equity Comparables presented by the Respondent, which showed an average of the four assessments at \$156.06.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard on October 15, 2012.

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

Warren Garten, Presiding Officer

Appearances:

Tom Janzen
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.