Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1851

Assessment Roll Number:	9547159
Municipal Address:	4625 92 Avenue 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 this matter.

Background

[2] The subject property is improved with two, multi-tenant office/warehouse structures. Building one has a main floor area of 16,037 square feet (sq. ft.) and a finished mezzanine of 4151 (sq. ft.). Building two's main floor area of 21,343 sq. ft. includes 959 sq. ft. of office space, and it has no finished mezzanine. The combined area of the two buildings is 41,531 sq. ft. The subject property is located at 4625 92 Avenue in the Eastgate Business Park of Southeast Edmonton. Building one was constructed in 1974 and building two was constructed in 1975. The property has been assessed for 2012 utilizing the Direct Sales Comparison Approach to valuation.

Issues

[3] Is the Market Value, based on the Direct Sales 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, 16 pages), and argument for the Board’s review and consideration.

[6] The Complainant argued that the subject is over-assessed based on the Direct Sales Comparison Approach.

[7] The Complainant provided seven sales comparables (C-1, p. 1) and third party data sheets (C.-1, pp 3-7, 9 and 10) for the Board’s review. The time adjusted sale prices (TASP) ranged from $86.67 per square foot to $110.58 per square foot. The average TASP of the five comparables was $100.19 per square foot.

[8] The Complainant’s evidence confirmed that the time adjustment factors applied to the sales comparables in C-1 are the same factors used by the City of Edmonton (C-1, p. 11) in their assessment calculations.

[9] The Complainant indicated that the subject property’s 2012 assessment was on the basis of $113.12 per square foot.

[10] The Complainant argued that his sales comparables one, two, three, six, and seven (C.-1, pp 3, 4, 5, 9 and 10) were the most reliable indicators of value for the subject property. These sales comparables had TASPs per square foot of $110.58, $91.36, $107.16, $100.57 and $86.67 respectively. The indicated average of these five sale comparables was $99.27 per square foot.

[11] In his summation the Complainant asked the board to reduce the 2012 assessment to $3,946,000 or $95 per square foot. The Complainant indicated that this represented a revision from the request of $100 per square foot or $4,153,200 put forward on page 2 of C-1.

Position of the Respondent

[12] The Respondent presented evidence (R-1, 37 pages), Law and Legislation (R-2, 44 pages) and argument for the Board's review and consideration.

[13] The Respondent outlined mass appraisal methodology for valuing properties (R1, 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 outlined to the Board the City's policy regarding Multi-Building Accounts (R-1, p. 30). In this process, "each building has been analyzed for its contributory value to the property. For such accounts, a single assessment has been produced that represents the aggregate market value of that particular property."

[17] The Respondent suggested that multi-building sites had a greater sales potential than similar sites with only one building. However, when questioned by the Board for support of this concept, response was limited.

[18] The Respondent presented six sales comparables (R-1, p. 21), all located in the southeast industrial area of the City. Sales one, two and three were improved with one building and the remainder of the sales were improved with two buildings. There was no commonality between these sales and those presented by the Complainant. These sales took place between January 2009 and May 2011; the valuation date for the 2012 assessment is July 1, 2011. Site coverage ranged from 12% to 45%. The subject's site coverage is 28%. The TASPs of the Respondent's sales 1-3 were $112.48/sq. ft, $129.20/sq. ft. and $122.27/sq. ft. respectively. The Respondent suggested this supports the subject's assessment of $113.11 per square foot.

[19] The Respondent stated that all of the Complainant's sale comparables represented properties improved with one building, while the subject is improved with two buildings.

[20] The Respondent questioned the reliability of the Complainant's sales comparable five, as the assessment department's validation process indicated there were related corporate directors on the seller and purchaser's board. It was therefore considered a non-arms length transaction.

[21] The Respondent indicated that his sale comparables one, two and three were located in the same market area as the subject, and with an indicated time adjusted average sale price of $121.29/sq. ft., all could be relied upon to indicate market value for the subject property.

[22] The Respondent in his summation indicated that the assessment Department validates and researches all sales prior to their inclusion in the model.

[23] In summary the Respondent requested the Board confirm the 2012 assessment of the subject property at $4,698,000.

[24] In his closing argument that Respondent suggested that the Complainant had not met onus, as he had not provided sufficient and compelling evidence such that the 2012 assessment could be found to be incorrect.

Decision

[25] The decision of the Board is to reduce the 2012 assessment of the subject property to $4,070,000 or $98 per square foot.

Reasons for the Decision

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

[27] The Board reviewed all sale comparables provided by both the Complainant and Respondent and finds it can rely on only some of the comparables, particularly those put forward by the Complainant.

[28] The Board notes no commonality between the sales comparables presented by both parties.

[29] The Board considered the Respondent's stated methodology in assessing multi-building sites and questions the validity of this methodology as no clear evidence was offered in support.

[30] In considering the Respondent's sales comparables the Board notes:

> i. Sales comparables one and three enjoy superior locations to the subject with exposure to main roadways.
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> ii. Sales comparable two is newer than the subject property (1986 versus 1974/75).
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> iii. Sales comparable four's suitability for manufacturing use reduces this property's reliability as an indicator of value for the subject property. In addition, its site coverage is 12% versus the subject property's 28%.
>
> iv. Sales comparable five enjoys a superior location to the subject as it has exposure to a major traffic artery.
>
> v. Sales comparable six has lower site coverage than the subject (14% versus 28%) and there is a large office building on the site.

[31] Based on the foregoing findings the Board considers the Complainant's sales comparables three, six and seven offer an indication of value for the subject property. The Board notes that these three sales comparables indicate TASPs of $107.16/sq. ft, $100.57/sq. ft. and $86.67/sq. ft. respectively. This indicated an average of $98.13/sq. ft.

[32] The Board finds that Complainant's sales comparable three has a much smaller improvement than the subject (15,800 sq. ft. versus 41,532 sq. ft.), but it is of similar age and site coverage to the subject. Sales comparable six is similar in site coverage and size to the subject, however, it is considerably newer (2001 versus 1974/75). Sales comparable seven has a higher site coverage, however, its improvement size at 44,994 sq. ft. is similar to the subject.

[33] The Board finds that an assessment on the basis of $98 per square foot or $4,070,000 (rounded) is fair and equitable.

Dissenting Opinion

[34] There was no dissenting opinion

Heard commencing October 17, 2012.
Dated this 9 day of November, 2012, at the City of Edmonton, Alberta.

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.