

Edmonton Composite Assessment Review Board

**Citation: 1535613 Alberta Ltd. c/o CVG Canadian Valuation Group v The City of
Edmonton, 2012 ECARB 2246**

Assessment Roll Number: 8626863
Municipal Address: 9719 63 AVENUE NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

CVG Canadian Valuation Group, Agent for 1535613 Alberta Ltd
Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Don Marchand, Presiding Officer
Darryl Menzak, Board Member
Judy Shewchuk, Board Member

Preliminary Matters

[1] Each of the Board members indicated that they had no bias with respect to this complaint; as well, both parties indicated that they had no objection to the composition of the panel.

[2] Each of the parties was sworn in prior to giving evidence.

Background

[3] The subject property is a single-tenant office/warehouse building, located in the Rosedale Industrial area of Edmonton. The site area of the parcel is 0.887 acres. The assessment summary identifies 17,105 sq. ft. of building space with a year built of 1975 and an effective year built of 1990. The property fronts onto 63 Avenue, a major roadway, and the site coverage is 44%.

Issue(s)

[4] Is the subject's 2012 assessment fair and equitable?

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]:

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 submitted an evidence package of 25 pages marked exhibit C-1.

[10] The Complainant presented eight sales comparables ranging in time adjusted sale price (TASP) from \$71.67 to \$127.41 per square foot and with assessments ranging from \$103.40 to \$140.25 per square foot. The Complainant advised that most weight was placed on 4 of the 8 comparables: #2 at 5820 – 96 Street; #6 at 7308 – 76 Avenue; #7 at 7716 – 67 Street; and #8 at 4517 – 101 Street. The TASP indicators were \$100.00, \$124.24, \$108.80, and \$124.41 respectively. Based on these TASPs and the assessments of the sales comparables, the Complainant asked the Board to reduce the 2012 assessment to \$1,967,075 or \$115.00 per square foot.

[11] The Complainant also referred to the sale of the subject property for \$1,800,000 in July of 2010. The Complaint advised that subsequent to the purchase \$150,000 was spent on renovations bringing the total to \$1,950,000 or \$114 per square foot.

[12] The Complainant also submitted a rebuttal package of 7 pages, marked exhibit C-2, wherein he presented the assessments of the Respondent's sales comparables. The noted range of the Respondent's sales comparables is from \$92.59 to \$152.10 per square foot which, in the opinion of the Complainant, supports the request for a reduction to approximately \$115.00 per square foot.

[13] In response to the Respondent's questions the Complainant stated that he had not inspected the interiors of the subject nor any of his sales comparables. The Respondent questioned the validation of the Complainant's sales comparables. The Complainant stated that he had not validated them himself but had relied on the information provided by the Network, a third party source.

[14] In response to the CARB's questions regarding discrepancy in size between the Network's information and the Respondent's documents, the Complainant stated that the Respondent included over 3,000 square feet of mezzanine space in the Complainant's sales comparable at 803 – 77 Avenue.

[15] Also in response to the CARB's questions, the Complainant stated that he had made no adjustments for the varying amounts of office space in the sales comparables. The Complainant stated that all the comparables contain both office and warehouse space and that the percentage of office space is typically 10% – 30%.

[16] The Complainant did not know whether his sales comparables had been renovated.

[17] The Complainant questioned the Respondent's comparable at 9333 – 37 Avenue and suggested that it would be superior to the subject due to its lower site coverage.

[18] The Complainant stated that the property next to his comparable at 9805 – 51 Avenue had a mere 5% site coverage, thus accounting for its higher sale price.

[19] In conclusion the Complainant requested that the 2012 assessment be reduced to \$1,967,000.

Position of the Respondent

[20] The Respondent submitted a 52 page assessment brief (exhibit R-1) and a 44 page Law and Legislation brief (exhibit R-2).

[21] The Respondent drew the CARB's and the Complainant's attention to the factors affecting value for the subject. The factors are: the location, the parcel size, the age, condition, and footprint of each building. As well as the amount of main floor and upper area development. The upper space being at a lesser rate per area than the main.

[22] The Respondent advised the assessments of the warehouse inventory had passed the required audit standards.

[23] The Respondent stated that the subject sold in fair condition but, as a result of the renovations which it required, the age of the subject was adjusted from 1975 to an effective age of 1990, the condition was adjusted to "average", and the TASP was adjusted from \$105.12 to \$113.88 per square foot.

[24] The Respondent presented seven sales comparables ranging in TASP from \$94.80 to \$141.09 per square foot in support of the assessment of the subject at \$137.10 per square foot.

[25] The Respondent identified his best comparables as #5 at 3120 – 93 Street and # 7 at 7324 – 76 Avenue with TASP of \$129.20 and \$122.27 respectively.

[26] The Respondent questioned the appropriateness of the Complainant's comparable at 8135 Wagner Road as the Municipality has deemed this as a non-arms length sale because of the relationship of the buyer and seller.

[27] The Respondent questioned the value of the Complainant's comparable at 9405 – 58 Avenue as it was in poor condition when it sold for \$940,000 in September 2010. The Respondent provided evidence that it was the renovated and subsequently sold in February 2012 for \$2,200,000.

[28] The Respondent pointed out that the Complainant's comparable at 9805 – 51 Avenue was in poor condition when it was sold. The property next door sold to the same purchaser in June 2011 at \$458 per square foot.

[29] The Respondent also questioned the Complainant's comparable at 803 – 77 Avenue as being inappropriate because it comprised three buildings while the subject has one building.

[30] The Respondent replied to the rebuttal by providing the assessment sales ratios (ASR's) of their sales comparables. The ASR's ranged from .798 to 1.057. This, the Respondent stated supports the assessment of the subject.

[31] In summary the Respondent asked the Board to give consideration to the comparables that have similar: site coverage, age, condition, main floor office, and finished upper mezzanine space. The Respondent requested a confirmation of the assessment.

Decision

[32] The CARB confirms the 2012 assessment at \$2,345,000.

Reasons for the Decision

[33] Consideration was given to all of the comparables provided except for the Complainant's comparable #2 at 5820- 96th Street as the Board agrees with the Municipality that this is a transaction between related parties. Most consideration was given to the 6 comparables identified by the Parties as having most weight.

[34] The ages of the comparables provided by the Complainant are less similar to the subject than the ages of the Respondent's. The Complainant gave no consideration to the larger than typical amount of office in the subject.

[35] The Complainant's rate of \$115.00 per square foot is outweighed by the Respondent's comparables given the effective age of the subject that has resulted from the renovation undertaken since it was purchased in July of 2010.

[36] The Board notes that the renovations and upgrades that subject has received since it was purchased in July of 2010 are substantial. The type of renovations described is likely to increase the subject's market value. The assessment reflects this increase.

[37] The Board was provided with the per square foot assessments rates of all the comparables provided by **both** Parties. The assessment range from \$92.59 to \$140.25 per square foot. The assessment of \$137.09 is within the range.

Heard commencing October 22, 2012.

Dated this 15th day of November, 2012, at the City of Edmonton, Alberta.

Don Marchand, Presiding Officer

Appearances:

Tom Janzen, CVG
for the Complainant

Luis Delgado, Assessor
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.