

## **Edmonton Composite Assessment Review Board**

**Citation: Anna Kiegler, AEC International v The City of Edmonton, 2013 ECARB 00162**

**Assessment Roll Number:** 10170929

**Municipal Address:** 2503 Parsons Road NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Anna Kiegler, AEC International**

Complainant

and

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

Respondent

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### **DECISION OF**

**Steven Kashuba, Presiding Officer**

**Jasbeer Singh, Board Member**

**John Braim, Board Member**

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### **Preliminary Matters**

[1] Upon questioning by the Presiding Officer, two members of the three-member Board indicated that they wished to be withdrawn from hearing this particular complaint. Their reasons for the request follow.

[2] The initial panel to hear this complaint consisted of Steven Kashuba, the Presiding Officer, and board members Pam Gill and Taras Luciw.

[3] However, at the outset of the hearing Pam Gill and Taras Luciw indicated to the Board and to both parties that they currently serve on Edmonton's three-member Assessment Review Board which includes Dale L. Doan, an appraiser with Chapman & Doan Appraisal Services Ltd.

[4] In turn, Dale L. Doan is the appraiser of record for the subject property. His report is included in the Complainant's evidentiary package.

[5] As a result, Pam Gill and Taras Luciw requested that they be excused from sitting on the panel. By taking this action, any perception of bias in the hearing, in their view, would be removed. Their request was granted.

[6] As a consequence, Jasbeer Singh and John Braim joined the Board. The Presiding Officer continued to be Steven Kashuba.

[7] As noted above and in response to the question of bias, panel members of the newly-constituted Board indicated that they had no prior knowledge of the property and no bias.

[8] No one attended the hearing on behalf of the Complainant. However, the Complainant did submit a disclosure document (Exhibit C-1, 74 pages).

[9] With the approval of the Respondent in attendance, the Board elected to proceed to the merits of the complaint.

### **Background**

[10] The subject property is located in the Parsons Industrial neighborhood at 2503 Parsons Road NW., on a land area of 33,120 square feet (0.76 acres) and a site coverage of 10%. The total area of the warehouse is 4,800 square feet composed of a main floor area of 3,200 square feet, main floor office space of 1,792 square feet, and a mezzanine area of 1,600 square feet. The current assessment is \$1,454,000.

### **Issues**

[11] Do sales comparables support the assessment?

[12] Do assessments of similar properties support the assessment?

[13] Is the subject correctly classified as being 100% commercial?

### **Legislation**

[14] The *Municipal Government Act, RSA 2000, c M-26*, reads:

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**

[15] The Complainant did not attend the hearing but did, in their evidentiary package, include an appraisal report as prepared by Dale L. Doan, AACI, P. App., of Chapman & Doan Appraisal Services Ltd. (Exhibit C-1)

[16] The Appraisal Report notes that the subject property is a smaller, corner industrial use site located adjacent to a major collector roadway. It is fully serviced and has typical industrial local improvements. There are no negative features associated with the property (Exhibit C-1, pages 21-24).

[17] Improvements to the site include a small industrial shop complex with main floor and mezzanine office space (Exhibit C-1).

[18] Constructed in 1992, the subject property was observed to be in average condition (Exhibit C-1).

[19] In a test of market value and by utilizing a Capital Cost Analysis, the Appraisal Report concluded that the value of the subject is \$950,000 (Exhibit C-1, page 34).

[20] In a second test to determine market value by using an Income Estimate of Value, the Appraisal Report determines a value of \$715,000 (Exhibit C-1, page 40).

[21] In a third test to determine market value, a sales comparison approach was utilized. The Appraisal Report presents 5 sales comparisons (Exhibit C-1, page 42). Four of the sales comparables are located in the southeast quadrant of the City while one comparable is located in the northeast quadrant.

[22] The site coverage of the sales comparables range from 6% to 23% (Exhibit C-1, page 42), while the subject has a site coverage of 18% (Exhibit C-1, page 14).

[23] The Appraisal Report concludes its sales comparable analysis by stating that *after considering the very positive attribute from subject property's traffic exposure a market value at the top of the range appears to be appropriate. Using a rate of \$315 per square foot results in a value of \$1,008,000* (Exhibit C-1, page 44).

[24] The Appraisal Report states that a *greatest emphasis was given to the Direct Comparison Approach. Therefore, it is the writer's opinion that the market value of the subject property as of March 5, 2012 is \$1,008,000* (Exhibit C-1, page 46).

[25] The Complainant challenged the current assessment on the basis of sales comparables, equity comparables, and the element of mixed use, commercial and residential. However, the Board notes that the Complainant failed to present any information about equity comparables or the element of mixed-use.

[26] As a result of the above, the one issue that is contested by the Complainant is that of sales comparables.

[27] In way of rebuttal and summary, the Respondent submitted that limited weight should be applied to the appraisal as it was done for the purposes of obtaining market financing.

### **Position of the Respondent**

[28] In support of the assessment the Respondent submitted 8 sales comparables in the industrial group, two of which were from the same quadrant of the City as the subject property (Exhibit R-2, Industrial Group 12).

[29] Each sales comparison was time-adjusted to the valuation date of July 1, 2012, and the total building area of each was similar in size to the subject property. The condition of each property was noted, as was the effective year built, total main floor area, upper floor office space, and percentage site coverage.

[30] With the exception of one sale which reflected an adjusted selling price per square foot of \$290.63 in contrast to the assessment of the subject property at \$302.92, the adjusted sales values of the remaining 7 sales ranged from \$314.24 to \$401.97 per square foot for the total area of the building. This latter range exceeds the assessment value per square foot of the subject property of \$302.92 (Exhibit R-2).

[31] In examining the Complainant's sales comparables (Exhibit R-3), the Respondent noted several errors in their analogy. First of all, the site coverage was incorrectly stated as being 18%. The correct site coverage is 10%. In the opinion of the Respondent, the smaller site coverage does reflect an added value for excess land and should be factored into the assessment value.

[32] According to the Respondent's submission, this leads to a second error on the part of the Complainant. The Complainant incorrectly stated the assessment value per square foot as being \$315.00. In the opinion of the Respondent, this calculation was based upon an incorrect floor area measurement of 3,200 square feet (Exhibit R-3). The correct floor area measurement, according to the Respondent, is 4,800 square feet to which a value of \$302.92 per square foot is applied (Exhibit R-2).

[33] In further support of the assessment, the Respondent presented 2 previous decisions of CARB (Exhibit R-1, pages 49-59, CARB 1152/2011-P; CARB 2892/2011-P), and an excerpt from The Appraisal of Real Estate (Exhibit R-1, pages 60-66).

### **Decision**

[34] It is the decision of the Board to confirm the assessment of the subject property for 2013 at \$1,454,000.

### **Reasons for the Decision**

[35] The Board notes that the Complainant, in their request for a reduction in the assessment amount, presented 3 approaches to value; cost, income, and sales comparison. However, the Complainant's position as reflected in their appraisal report states that the best approach to market value is the sales comparison approach. As a result, this is the only basis upon which the Complainant challenged the assessment.

[36] Further to this, the Complainant, in Exhibit C-1, indicated that the current assessment would also be challenged on the basis of equity comparables and actual use of improvements. However, the Complainant failed to provide any evidence to challenge the assessment on the basis of equity comparables or the element of mixed-use of the improvements. As a result, the one issue remaining before the Board was that of sales comparables.

[37] As a consequence, in examining the position of the parties, the Board accepts that the market value of the subject property should be determined through sales comparables.

[38] In determining the market value per square foot of building space, site coverage becomes an important factor.

[39] The Board accepts that the site coverage of the subject property is correctly portrayed by the Respondent as being 10%. The Board rejects the Complainant's position that the site coverage is 18%.

[40] The Board is in agreement with the Respondent's submission that when calculating site coverage, it is important to use the footprint of the main floor area. Further to this, there is agreement by the parties that the floor area of the subject is 3,200 square feet. This translates to a site coverage of 10%.

[41] In contrast, the Complainant included in their calculation of site coverage the main floor area added to the mezzanine floor area. By utilizing, incorrectly, a floor area of 4,800 square feet, which includes the mezzanine floor area, the Complainant arrived at an incorrect site coverage of 18%. This disparity in the position of the parties as regards total floor area and site coverage explains, in part, why the Complainant concludes that the assessment of the subject property should be set at \$1,008,000, while the Respondent requests a confirmation of an assessment of \$1,454,000.

[42] Based upon the submission of both parties, the Board places considerable weight upon site coverage, the total area of improvements, office space, mezzanine space, and storage space. The Board is satisfied that the Respondent correctly reflected these elements in their evidence.

[43] In contrast, the Board concludes that the Complainant used the incorrect floor area in their calculation of the total floor area of improvements and site coverage. This then brings into question the weight that can be placed upon the Complainant's sales comparables.

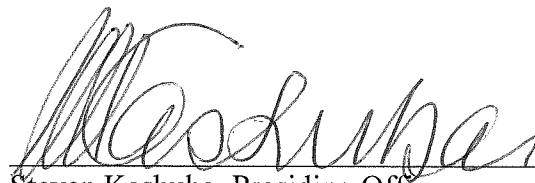
[44] The onus is upon the Complainant to prove that the assessment of the subject property is not correct. This task was made somewhat more difficult for the Complainant by virtue of his absence for the hearing. In several instances, both the Respondent and the Board might have raised questions about the Complainant's written submission but were not able to do so.

### **Dissenting Opinion**

[45] There is no dissenting opinion.

Heard commencing May 22, 2013.

Dated this 25<sup>th</sup> day of June, 2013, at the City of Edmonton, Alberta.



Steven Kashuba, Presiding Officer

### **Appearances:**

Did not appear  
for the Complainant

Tanya Smith  
Will Osborne  
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.*