

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 00854**

**Assessment Roll Number:** 1550359  
**Municipal Address:** 10503 170 Street NW  
**Assessment Year:** 2013  
**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

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

Respondent

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**DECISION OF**  
**Harold Williams, Presiding Officer**  
**Brian Carbol, Board Member**  
**Brian Frost, Board Member**

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### **Procedural Matters**

[1] Upon questioning by the Presiding Officer the parties before the Board indicated no bias to the Board's composition. In addition, the Board Members indicated no bias with respect to this file.

### **Background**

[2] The subject property is located in west Edmonton and is commonly known as the Mayfield Business Centre. It consists of a four storey office building of 55,458 square feet and two warehouses containing a total of 45,650 square feet. Evidence provided showed an effective age of 1989.

### **Issues**

[3] Issue 1: Is the 2013 assessment for the office building within the subject property correct when considering lease rates and their relationship to building classification?

[4] Issue 2: Is the 2013 assessment for the warehouses within the subject property correct when considering direct sales comparables of similar properties?

## **Legislation**

[5] 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**

### ***Issue 1: The Office Building***

[6] In support of the request for a reduced 2013 assessment, the Complainant submitted Exhibit C-1, comprising 20 pages and in rebuttal submitted Exhibit C-2 comprising 9 pages.

[7] The Complainant provided evidence to show that Class “B” buildings in this district are assessed using \$14.00/sf, and a 9.50% capitalization rate. (Exhibit C-1, p.1)

[8] The Complainant provided information of leases within the subject property and submitted that these leases ranged from \$11.00/sf to \$15.25/sf. These leases were signed in 2011 and 2012. (Exhibit C-1, p.2)

[9] The Complainant noted that there was a 65% vacancy rate in the subject property during a period in 2012. (Exhibit C-1, p.2)

[10] Considering this information, the Complainant submitted that a class “B” building classification would be more appropriate. (Exhibit C-1, p.2)

[11] The Complainant also provided a pro forma calculation using a 9.5% vacancy rate, a 2% structural allowance and a 7% capitalization rate resulting in an assessed value for the office building of \$8,906,814. (Exhibit C-1, p.2)

### ***Issue 2: The Warehouses***

[12] The Complainant provided ten direct sale comparables in west Edmonton. They ranged in year built from 1971 to 1993; building size from 17,000 sf to 59,200 sf; sale date from May 2010 to October 2012 and time adjusted sale price/sf from \$67.51 to \$106.42. (Exhibit C-1, p. 3)

[13] The Complainant submitted that the best sale comparable was sale number 6 because it was a multi-building property with a combined building size similar to the subject property.

[14] Using a market value of \$90.00/sf the Complainant requested a value of \$4,108,500 for the warehouse portion of the assessment for a total requested assessment of \$13,015,314.

### **Position of the Respondent**

#### ***Issue 1: The Office Building***

[15] In support of the 2013 assessment of the subject property the Respondent submitted Exhibit R-1, comprising 101 pages.

[16] The Respondent presented evidence that the "A" classification of the subject property was correct as suggested by a chart of time adjusted leases in the area. (Exhibit R-1, p.20). The Respondent further stated that the Complainant was in error as they had not time adjusted the leases within the subject property.

[17] The vacancy of the subject property as reported by the Complainant is regarded as temporary. The Respondent submitted that temporary vacancy is accounted for in the current assessment and that based on the actual vacancy rates, this property was not eligible for an adjustment due to chronic vacancy. Year over year vacancy as illustrated in Exhibit R-1, p. 23 was 2.63% in 2010, 9.34% in 2011, and 4.49% in 2012, substantially below the 65% suggested by the Complainant. The Respondent stated that typical vacancy is 6.5% for this type of property.

[18] The Respondent stated that the Complainant failed to meet onus and requested the Board to confirm the office portion of the 2013 assessment.

#### ***Issue 2: The Warehouses***

[19] The Respondent stated that the two warehouses should be assessed as individual buildings. The buildings are 23,451 sf and 22,199 sf.

[20] The Respondent provided five sales comparables ranging in size from 11,456 sf to 24,198 sf; time adjusted sale price from \$127.49 to \$178.91 per square foot and site coverage from 19% to 50%. (Exhibit R-1, p.27)

[21] The Respondent critiqued the sales comparables presented by the Complainant. Two sales were post facto and not considered valid by the Respondent; one property was classified as Special Purpose by the Respondent and is not considered to be part of the industrial inventory. The remaining seven sales were deemed inferior by the Respondent as these properties had a combination of not being located on a major road, were older, larger or exhibited greater site coverage.

[22] The Respondent stated that the Complainant failed to meet onus and requested the Board to confirm the warehouse portion of the 2013 assessment.

## **Decision**

[23] The 2013 assessment of the subject property is reduced to \$15,361,500.

## **Reasons for the Decision**

### ***Issue 1: The Office Building***

[24] The Board considered the evidence put forward by both parties. The Board agreed with the Respondent's position that the lease rates should have been time adjusted to reflect typical market conditions as addressed in MGB Order 038/06 (Exhibit R-1. Page 49). The Board was further satisfied that if the Complainant's lease comparables were time adjusted, they would support the lease rates used by the City in the assessment.

[25] In addressing the vacancy rate of the property, the Board was satisfied that the Respondent correctly employed typical vacancy rates in developing the assessment for the office portion.

[26] The Board concluded the Complainant failed to meet onus and that the office portion of the assessment (\$11,253,000) was correct and should be confirmed.

### ***Issue 2: The Warehouses***

[27] The Board first considered the Respondent's evidence. While the Board is in general agreement with the Respondent's position regarding separate assessment of individual buildings within a multiple building site, the Board was disappointed that the Respondent did not include multiple building properties within its comparables.

[28] The Board reviewed the Respondent's sale comparables (Exhibit R-1, p. 27) and noted that only one of the sales was comparable in terms of size to the subject. The Board took into consideration the Complainant's argument that two of the Respondent's sales were less than half the size of the subject property and based on economies of scale would not provide reliable results.

[29] The Board also considered the Respondent's position regarding site coverage. The subject site contains two warehouses and an office building. The Board was not satisfied that site coverage was dealt with correctly in that the subject property, with three dissimilar buildings, can be reliably compared to properties with only one building on the site.

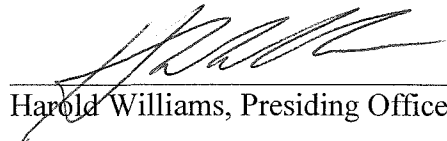
[30] The Board reviewed the Complainant's sale comparables and noted that two of the comparables were highly similar to the subject in terms of size and the fact that they were two – building properties. The Board acknowledges that one of the properties was classified as Special Purpose and was not within the City's Industrial Assessment Inventory; however this does not obviate the fact that it may be a reliable indicator of value.

[31] The Board concluded that the Complainant not only provided adequate evidence with respect to the amount of the assessment, it further satisfied the Board that the request for an assessment reduction to \$90.00/sf for the warehouse portion of the assessment (\$4,108,500) is reasonable.

[32] The Board concluded that the 2013 assessment is to be reduced to \$15,361,500.

Heard July 10, 2013.

Dated this 24<sup>th</sup> day of July, 2013, at the City of Edmonton, Alberta.



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Harold Williams, Presiding Officer

**Appearances:**

Tom Janzen  
for the Complainant

Cam Ashmore  
Darren Davies  
Mary-Alice Nagy  
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.*