

Edmonton Composite Assessment Review Board

Citation: Liz McLeod MNP LLP v The City of Edmonton, 2013 ECARB 01058

Assessment Roll Number: 9548033

Municipal Address: 4804 90 Avenue NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

Liz McLeod MNP LLP

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

John Noonan, Presiding Officer

John Braim, Board Member

Judy Shewchuk, Board Member

Procedural Matters

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. In addition, the Board Members indicated no bias in the matter before them.

Background

[2] The subject property comprises an industrial manufacturing building located in the Lambton industrial subdivision in the south industrial district. The building is used as a paintball action centre. The steel frame metal clad building was constructed in 2002, which is also the effective age, and extends to a total area of 19,799 square feet (sq ft) with 4,499 sq ft (23%) of main floor offices. The lot size is 1.67 acres resulting in a site coverage ratio (SCR) of 27.23%.

[3] The property has been assessed by the direct sales comparison method and the assessment of \$3,390,500 equates to a unit rate of \$171.25/ sq ft of total building area.

Issue(s)

[4] Do the sales comparables show the subject is assessed at greater than market value?

[5] Is the subject property assessed inequitably?

Legislation

[6] 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

[7] The Complainant filed this complaint on the basis that the assessment of the subject property was much higher than the market value and was also inequitably assessed when compared to similar properties.

[8] In support of this position the Complainant provided a chart of 4 comparable sales from the south industrial area. The 4 sales had effective ages ranging from 1992 and 1997/2004; had site areas ranging from 0.95 acres to 2.06 acres and 3 of the parcels were single building properties like the subject. The buildings ranged in size from 16,800 sq ft to 24,557 sq ft and the SCRs ranged from 27% to 38%.

[9] The sales were time adjusted to valuation day and the resulting rates indicated a rate for the comparable properties ranging from \$145.36/ sq ft of total area to \$177.63/ sq ft with an average of \$161.77/ sq ft and a median of \$162.08/ sq ft of total area. When the main floor only of the comparables is used the unit values ranged from \$154.58/ sq ft and \$197.46/ sq ft with average of \$172.25/ sq ft and a median of \$168.48/ sq ft. The Complainant contended from this analysis a rate of \$153.90/ sq ft should be applied to the subject property after applying a 5% deduction for the flooring deficiency, as allowed by the Respondent (\$162.00/ sq ft pre-allowance). The analysis indicated a market value of \$3,047,000 for the subject property.

[10] The Complainant provided a chart of 4 assessment comparables to demonstrate the subject's assessment was high. The 4 comparables were all located in the south industrial district and ranged in age from 1997 to 2007; building size from 15,054 sq ft to 24,557 sq ft and the SCRs from 29.00% to 34.80%. The unit rates relating to the assessments ranged from \$146.29/ sq ft to \$185.91/ sq ft of total building area with an average of \$165.09/ sq ft and a median of \$164.07/ sq ft. When only the main floor building area is considered, the average is \$173.61/ sq ft and the median is \$172.80/ sq ft.

[11] Based on this analysis the Complainant contended the assessed value of the subject should be \$165.00/ sq ft, less the 5% flooring deficiency allowance, for a net value rate of \$156.75/ sq ft and an assessment of \$3,103,000.

[12] In summation the Complainant stated the analysis of the 4 comparable sales and the 4 equity comparables supported each other and requested a reduction of the 2013 assessment to \$3,047,000.

Position of the Respondent

[13] The Respondent stated that the subject property had been allocated a 5% reduction with respect to the flooring, approximately 50% of which was concrete and 50% bare earth.

[14] In its defence of the assessment the Respondent provided a chart of 7 comparable sales from the south industrial district that ranged in age from 1979 to 2001; were all in the same industrial group and were in average condition. The main floor building areas ranged in size from 10,050 sq ft to 24,489 sq ft and the SCR's from 22% to 34%. The time adjusted sale prices ranged from \$158.45/ sq ft to \$198.93/ sq ft with the subject falling within that range at \$171.24/ sq ft. The Respondent informed the Board that sale #1 and #3 were similar steel frame/metal clad buildings and there were 3 common sales: the Respondent's sale #1, #2 and #5 corresponded with the Complainant's sale #4, #3 and #2 respectively. The chart was colour coded to inform the reader that further adjustments were required.

[15] The Respondent provided a chart of 7 equity comparables that were also located in the south industrial district; in the same industrial group and in average condition. The sizes ranged from 14,999 sq ft to 28,457 sq ft based on total building area; the age from 1992 to 2007; the SCRs from 23% to 30% and the amount of finished offices from 15% to 26%. The indicated assessment value for these comparable properties, ranged from \$169.41/ sq ft to \$185.12/ sq ft with the subject assessment falling within this range at \$171.25/ sq ft after applying a flooring deficiency factor of 5%. Again, the chart was colour coded to inform the reader that further adjustments were required.

[16] The Respondent provided a chart of the Complainant's 4 equity comparables that showed different total and main floor areas were being provided by the Complainant and the Respondent. The corresponding unit rates were therefore different and the Respondent contended that the Complainant's equity comparables support the assessment when the correct areas and the colour-coded adjustments were applied. For example, the information provided by the Complainant was taken from the City web site which clearly states the "Gross area may include space not considered for valuation purposes" The Respondent referred the Board to the factors affecting value indicating that the main floor area was the most important factor that affects value.

[17] In summation the Respondent asked the Board to place weight on the 7 sales comparables provided, three of which had also been used by the Complainant.

Decision

[18] The Board confirms the 2013 assessment of \$3,390,500.

Reasons for the Decision

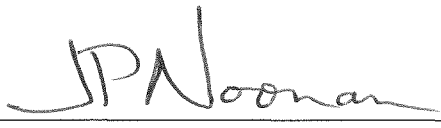
[19] The Board found 4 sales comparables reasonably similar to the subject's 19,800 sq.ft. of building size and site coverage. The average sale price per sq.ft. of these sales was \$169.68 as compared to the subject's valuation of \$171 after adjustment for incomplete floor. However, these sales were of buildings ranging from 4 to 21 years older construction. The Board found that the subject, of 2002 vintage, should command some premium to these older properties, and consequently found insufficient reason to alter the assessment on the basis of the sales presented.

[20] Looking at the equity comparables, the Board again found 2 very good comparables close in size to the subject's area and lot. One of the comparables was valued at \$180 per sq.ft. and the other, after an adjustment by the Board for 2nd floor office area, showed an approximate valuation of \$191. These two best equity comparables support the assessment.

[21] The Board finds the city web site area figures to be less reliable than the Assessment Detail Reports. It is unfortunate that the web site figures include areas that are "not considered for valuation purposes".

Heard August 6, 2013.

Dated this 6th day of September, 2013, at the City of Edmonton, Alberta.



John Noonan, Presiding Officer

Appearances:

Walid Melhem
for the Complainant

Marcia Barker
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.