

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01401

Assessment Roll Number: 3019890

Municipal Address: 9615 37 Avenue NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Patricia Mowbrey, Presiding Officer
Jack Jones, Board Member
Jasbeer Singh, Board Member

Procedural Matters

- [1] Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

Preliminary Matters

- [2] There were no preliminary issues before the Board.

Background

- [3] The subject is a single-tenant office/warehouse complex located at 9615 – 37 Avenue NW in Strathcona Industrial Park neighbourhood in southeast Edmonton. Built between 1984 and 1993, the property consists of a 30,313 sq ft main building that has 3,615 sq ft of main floor finished office space and 298 sq ft of finished mezzanine space. There are four smaller buildings on the property that range from 1,485 sq ft to 2,808 sq ft.
- [4] The Complainant appealed the 2013 assessment of \$6,149,500 on the grounds that the assessment is higher than market value. The assessment of \$153,411 for the four smaller buildings was based on the cost approach and is not under appeal.

Issue(s)

[5] Is the subject property assessed in excess of market value?

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 position of the Complainant is that the subject property assessment of \$6,149,500 is in excess of the market value. In support of this position, the Complainant presented a 15 page assessment brief (Exhibit C-1), testimonial evidence and argument.

[8] The Complainant provided a chart of seven sales comparables that were built between 1978 and 2001, ranged in site coverage from 10% to 26%, building sizes varied between 21,453 sq ft and 47,278 sq ft and the time adjusted sale prices varied between \$99.43 and \$181.42/ sq ft, (C-1, page 1). The subject property is shown below the table of the Complainant's seven sales comparables.

	Address	Year Built	Site Cover %	Total Area	Sale Date	TASP \$ / sq ft
1	12802 - 156 Str	1978	15	41,740	Jan-08	99.43
2	9111 - 41 Ave	1992	26	28,686	Mar-10	139.73
3	4350 - 68 Ave	1979	11	34,732	Aug-10	159.00
4	8803 - 58 Ave	1980	24	24,602	Sep-10	131.74
5	7603 McIntyre R	2001	25	44,000	Dec-10	109.78
6	7204/70 - 68 Str	1980	11	47,278	Apr-11	147.33
7	1810 - 66 Ave	1978	10	21,453	Aug-11	181.42
Sub	9615 - 37 Ave	1984	10	30,313	Asmt	203

- [9] The Complainant requested the Board to give greater weight to sales comparables #2, #3, #6 and #7, as these had the most characteristic similarities with the subject (C-1, page 2). However, the Complainant, during the hearing, placed more reliance on sales comparables #2, #3 and #6.
- [10] The Complainant stated that the Respondent's sales comparables from the northwest industrial quadrant should be disregarded leaving only two of the Respondent's comparables before the Board. After adjusting for the value of cranes and HVAC that were included in the sale price (sale #1, R-1, page 16), the lower per square foot sale price supports a reduction in the assessment to \$175/sq ft.
- [11] The Complainant requested the Board to reduce the subject property's 2013 assessment to \$5,460,000.

Position of the Respondent

- [12] The Respondent presented to the Board a 43 page document (Exhibit R-1) that included an assessment brief and a Law & Legislation brief.
- [13] The Respondent's brief included a chart of five sales comparables, two of which, (#2 and #3) are multi-building properties, the same as the subject. The Respondent's five sales comparables and the subject property with the 2013 assessment of \$203/ sq ft are as follows:

	Address	Loc. Grp.	Year Built	Cover %	Main Flr	Main Floor Office	Upper Finish	Total Area	Cond.	Sale Date	TASP \$/ sq ft
1	9402 - 31 Ave	18	1981	22	20,011	7,115	0	20,011	Avg	Jan-12	170
2	11202 - 149 Str	2	1963	10	7,704	1,500	0	7,704	Avg	Aug-11	199
	Building #1		1958		4,800						
	Building #2		1971		2,904						
3	12815 - 170 Str	20	1974	10	20,999	1,370	570	21,569	Avg.	Feb-09	206
	Building #1		1973		7,000						
	Building #2		1974		13,999						
4	6928 - 51 Ave	18	1976	7	14,999	1,800	1,800	16,799	Avg	May-08	223
5	17515-106A Av	17	1981	9	11,892	2,690	2,500	14,392	Avg	Jul-09	230
Sub	9615 - 37 Ave	18	1984	7	26,699	298	3,615	30,313	Avg		203

[14] The Respondent stated that the most significant factors affecting value, in the order of importance were (R-1, page 8):

- | | |
|-----------------------------------------|---------------------------------------|
| 1. Total main floor area (per building) | 5. Location |
| 2. Site coverage | 6. Main floor finished area |
| 3. Effective age (per building) | 7. Upper finished area (per building) |
| 4. Condition (per building) | |

[15] The Respondent stated that the Complainant's sales comparables needed adjustment in multiple dimensions and further argued that:

- a. Comparable #1 was assessed on a cost basis as the buildings were due for demolition and is not a valid comparable (C-1, page 1 and R-1, page 15).
- b. Comparable #2 is eight years newer than the subject, site coverage is 27% compared to the subject's 7% and the subject's lot size is 4 times that of the comparable. If additional value for excess land, similar to the subject, is added to the comparable, the sale price per sq foot value will be in excess of the subject's assessment (R-1, page 15).
- c. Comparable #3 was vacant at the time of sale and the sale price could not be relied upon for comparison (C-1, page 5). Additionally, the site coverage is greater than that of the subject property.
- d. Comparable #4 was a non arms-length sale and could not be relied upon for market value comparability (R-1, pages 25-26).
- e. Comparable #5 is a larger and newer building, with site coverage of 25% compared to the subject site coverage of 7%. This makes the sale price unreliable for comparison. If the value of extra land is added to the comparable to make the site coverage similar, the sale price per sq foot would support the subject assessment (R-1, page 15).
- f. Comparable #6 has an effective year built of 1976 which is comparable to the subject in terms of age. However, it has site coverage of 13% whereas the subject's site coverage is 7%. If the value of extra land is added for the comparable to have a similar site coverage as the subject, the per sq ft sale price would support the assessment (R-1, page 15).
- g. Comparable #7 was a non arms-length sale and could not be relied upon for market value comparability (R-1, pages 28-29).

[16] In summation, the Respondent stated that generally industrial properties in the northwest quadrant sold for less than properties in the southeast quadrant of the City. Although the Respondent's sales comparables #2, #3 and #5 are located in the northwest, they support the subject's assessment without a location adjustment. The Respondent further stated that sales comparables (#2 - #5) best reflected the value of the subject property and support the subject's assessment.

[17] The Respondent requested the Board to confirm the 2013 assessment of \$6,149,500.

Decision

[18] The Decision of the Board is to confirm the subject 2013 assessment at \$6,149,500.

Reasons for the Decision

[19] The Board considered the Complainant's seven sales comparables and noted the following:

- a. Sales comparables #1 has of 10 – 15 buildings, was assessed on the cost basis and according to the Respondent, a demolition permit was in place for all the buildings. Therefore, the comparable is not suitable.
- b. Sales comparables #4 and #7 were questioned as non-arms-length sales making their comparability suspect.
- c. Sales comparables #2 and #5 have significantly higher site coverages, 27% and 25% respectively, compared to the subject's site coverage of 7%. Site coverage is listed as the 2nd most significant factor affecting value. Therefore it is reasonable that the excess land available to a site has additional value.
- d. Sales comparable #3 was vacant at the time of sale and the impact on the sale price was neither identified nor quantified which questions the validity of the comparability of the sale price.
- e. Sale comparable #6 is similar to the subject as it has four buildings in total, 3 smaller buildings, 2,212 sq ft to 4,000 sq ft and 1 larger building comparable in size to the subject's larger building. As the subject's 4 smaller buildings are not in dispute, sale #6 was considered with less weight.

[20] The Board reviewed the five sales comparables presented by the Respondent and noted the following:

- a. Sale #1 included 5 cranes of variable sizes, an air filtration system and an office HVAC that was upgraded with an indicated 2009 cost of \$50,000. It was not clear if the equipment in place and the HVAC upgrade had an impact on the sale price. The site coverage is 22% compared to the subject's of 7%. Noting the lot size is about 25% of the subject's lot size raised the question of additional value for extra land.
- b. The two buildings in sale #2 are significantly smaller than the subject. One building has restricted use because of a cistern and was valued on a cost basis. Therefore this sale comparable is dissimilar to the subject.
- c. Sale #3 leases were noted to be at below market lease rates. However, the site coverage at 10% is similar to the subject. The location group, total building area and lot size are reasonably similar to the subject and the time adjusted sale price of \$206/sq ft provides support for the assessment of \$203/sq ft.
- d. Sales #4 and #5 are of comparable ages, condition and similar site coverage, but are significantly smaller in building size than the subject. Although the time adjusted

sale prices of \$223/sq ft and \$220/sq ft respectively, support the assessment, they reflect the economies of scale for smaller building sizes

[21] The Board placed greatest weight on the Respondent's sales comparables #3, #4, and #5. Sale #3 provided most support for the assessment of \$203/sq ft, but sales #4, and #5 also indicated support, taking into account the size of the buildings.

[22] The Board finds that the Complainant's evidence, testimony and argument did not provide sufficient and compelling reasons for the Board to reduce the assessment. Jurisprudence has established that the burden of proof of demonstrating an assessment is incorrect rests with the Complainant.

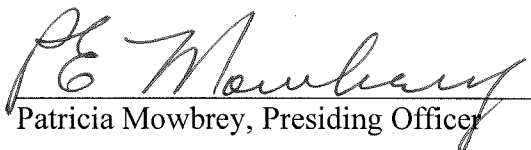
[23] The Board finds the subject 2013 assessment of \$6,149,500 is correct, fair and equitable.

Dissenting Opinion

[24] There was no dissenting opinion

Heard September 26, 2013.

Dated this 23rd day of October, 2013, at the City of Edmonton, Alberta.


Patricia Mowbrey, Presiding Officer

Appearances:

Peter Smith
for the Complainant

Jason Baldwin, City of Edmonton
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.