

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01773

Assessment Roll Number: 1274521

Municipal Address: 11750 181 Street NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Robert Mowbrey, Presiding Officer

Howard Worrell, Board Member

Judy Shewchuk, Board Member

Procedural Matters

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

Preliminary Matters

[2] There were no preliminary matters.

Background

[3] The subject property is located at 11750 181 Street in the Edmiston Industrial neighborhood. It is an office/warehouse property containing a total of 29,967 square feet. It was built in 1989 and is in average condition. The subject is in industrial group 17 and has a site coverage of 27%.

[4] The subject property was assessed on the market value approach and the 2013 assessment is \$117.78 per square foot or \$3,529,500.

Issue

[5] Is the 2013 assessment 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 Complainant filed this complaint on the basis that the assessment of \$3,529,500 is in excess of market value. In support of this position, the Complainant presented a 22 page disclosure package marked as Exhibit C-1.

[8] The Complainant provided the Board with photographs and maps of the subject property (Exhibit C-1 pages 3-5).

[9] The Complainant presented the Board with ten sales comparables that have been time-adjusted, using the City of Edmonton's time-adjustment schedule, from the date of sale to the valuation date (Exhibit C-1 page 1). The time-adjusted sale price per square foot ranged from \$61.57 to \$104.64 while the site coverage ranged from 16% to 63%. The ten sales comparables ranged in size from 14,319 square feet to 35,320 square feet.

[10] A previous decision of the CARB (Exhibit C-1, pages 19-22) from October 16, 2012 was brought forward by the Complainant to show that there was a previous reduction in 2012 on the subject property from \$3,303,000 to \$2,997,000. The Complainant highlighted paragraph 28 of this decision (Exhibit C-1, page 22), where the Board was persuaded by four of the Complainant's sales comparables. The Complainant stated that comparables 3, 7 and 9 in the 2012 decision were the same as numbers 1, 2 and 3 used in this current appeal (Exhibit C-1, page 1-2).

[11] During argument and summary, the Complainant stated that a vacant building is not a detrimental factor as a lot of the industrial inventory is owner occupied.

[12] During argument and summation, the Complainant stated that the most weight should be placed on his sales 1, 2 and 3. These sales, which are most similar in terms of physical and locational characteristics, supported a market value of \$104.00 per square foot.

[13] The Complainant requested that the Board reduce the 2013 assessment from \$3,529,500 to \$3,116,500.

Position of the Respondent

[14] The Respondent defended the 2013 assessment by providing the Board with a 45 page disclosure package marked as Exhibit R-1.

[15] The Respondent provided photos, maps and the detailed assessment sheets of the subject property (Exhibit R-1 pages 15-20).

[16] To support the City of Edmonton's assessment of \$3,529,500 or \$118 per square foot, the Respondent presented a chart of five sales comparables. The sales ranged in effective year built from 1967 to 1992. The total building areas of the sales ranged from 13,994 square feet to 44,101 square feet. The time-adjusted sale price per square foot of total building area ranged from \$100 to \$162 (Exhibit R-1 page 22).

[17] The Respondent stated that the Complainant also used the same #1 sale comparable as the Respondent.

[18] The Respondent referred the Board to the use of averages (R-1, page 11) and cautioned that their use can be misleading when weighing sales and that a qualitative approach should be used.

[19] The Respondent advised the Board the factors that affect value in the warehouse inventory are as follows: total main floor area (per building), site coverage, effective age (per building), condition (per building), location of the property, main floor finished area, as well as upper finished area (per building) (Exhibit R-1 page 8- 10). The Board was told that location ranked fifth on the list of the seven ranked factors.

[20] The Respondent also presented evidence to show that three of the Complainant's comparables should not be considered by the Board as they were non-arm's length transactions, duress sales or industrial condos (Exhibit R-1, page 22; 28-32).

[21] During his summary the Respondent stated that 60% of the market is owner occupied and that vacancy rates have an impact on the sale price when parties negotiate the sale of properties in the industrial inventory.

[22] In summary, the Respondent stated that all comparables were in group 17 as was the subject. In addition, the parties had one shared comparable, which the Respondent stated supported the assessment. Therefore, the Respondent requested that the Board confirm the assessment of \$3,529,500.

Decision

[23] The decision of the Board is to confirm the 2013 assessment of \$3,529,500

Reasons for the Decision

[24] Three of the sales comparables provided by the Complainant and identified as being a duress sale, a non-arm's length sale and an industrial condo were not considered valid for comparison purpose by the Board.

[25] The Board found that the majority of the sales comparables from each party required numerous adjustments in value.

[26] The Board put most weight on the sale comparable # 3 at 10439 Street from the Respondent and Sale # 2 at 16440 130 Avenue from the Complainant. These properties with similar site coverage, similar effective ages and total building size required the fewest adjustments to make them comparable to the subject property. These sales, at \$131 and \$103 per square foot, average \$117 which supports the assessment of the subject property at \$118.

[27] The Board looked at the common sale of both parties and put less weight on it for the reason of its age (1967 vs. the subject at 1989) and site coverage (19% vs. the subject at 27%).

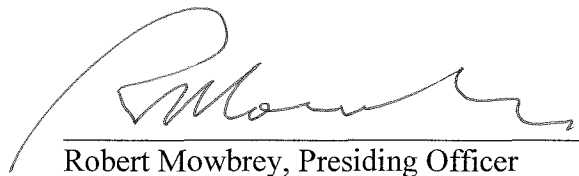
[28] Upon reviewing the 2012 CARB decision presented by the Complainant, the Board notes it is not bound by decisions of previous Boards, as it does not have the complete evidence that supports the 2012 CARB appeal.

Dissenting Opinion

[29] There were no dissenting opinions.

Heard commencing October 9, 2013.

Dated this 5th day of NOVEMBER 2013, at the City of Edmonton, Alberta.



Robert Mowbrey, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Jason Baldwin
Nancy Zong
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.