

## **Edmonton Composite Assessment Review Board**

**Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01805**

**Assessment Roll Number:** 1522622

**Municipal Address:** 16602 114 AVENUE NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**John C. Manning**

Complainant

and

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

Respondent

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### **DECISION OF**

**Larry Loven, Presiding Officer**

**Brian Hetherington, Board Member**

**Dale Doan, Board Member**

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### **Procedural Matters**

[1] 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.

[2] At the request of the parties, the Board carried forward argument and evidence from roll number 1591056 to this roll number, where applicable.

### **Preliminary Matters**

[3] No preliminary matters were raised by the parties.

### **Background**

[4] The subject property is a single, 61,079 square foot distribution warehouse on a 3.36 acre lot. It was built in 1974 and has site coverage of 41%. It is located in the Norwester Industrial Neighbourhood.

### **Issue(s)**

[5] Is the assessment of the subject property correct in market value and equity?

### **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 submitted a 27 page disclosure, Exhibit C-1 (“C-1”), in support of their position that the 2013 assessment of the subject property is incorrect in market value and in equity.

[8] The Complainant provided seven sales comparables summarized as follows:

| #          | Address              | Sale Date | Main Floor Area | % Site Cover | Eff Age     | Condition  | Location  | Main Floor Finish | Upper Finish |
|------------|----------------------|-----------|-----------------|--------------|-------------|------------|-----------|-------------------|--------------|
| 1          | 16440-130 Ave        | Jan-11    | 30,752          | 31           | 1981        | Avg        | 20        | 6,157             | 0            |
| 2          | 11570-154 St         | Jul-11    | 33,396          | 30           | 79/76       | Avg        | 17        | 10,311            | 6,199        |
| 3          | 16815-117 Ave        | Nov-11    | 74,341          | 57           | 1980        | Avg        | 17        | 16,083            | 16,250       |
| 4          | 16104-114 Ave        | Jan-12    | 65,600          | 34           | 77/06       | Avg        | 17        | 13,907            | 1,120        |
| 5          | 12603-123 St         | Jan-12    |                 | 28           | 58/90       | Avg        |           |                   |              |
| 6          | 14350-123 Ave        | Jun-12    | 57,344          | 46           | 1973        | Avg        | 17        | 1,536             | 0            |
| 7          | 14320-121A A         | Jul-12    | 47,058          | 46           | 1972        | Avg        | 17        | 2,840             | 0            |
| <b>Sub</b> | <b>16602-114 Ave</b> |           | <b>60,549</b>   | <b>41</b>    | <b>1974</b> | <b>Avg</b> | <b>17</b> | <b>8,650</b>      | <b>530</b>   |

*Note: For comparative purposes, italics indicate data provided by the Respondent.*

[9] The Complainant also provided adjustments based on variances to the subject property in terms of building size, site coverage and effective age, which he suggested would provide a more fair and equitable assessment. These adjustments are presented on the following chart:

| #                        | Address       | TASP<br>/ Sq Ft<br>(Total) | Assessed<br>/ Sq ft<br>(Total) | Adjust<br>/ Sq Ft<br>(Total) | Adjusted<br>TASP<br>/ Sq Ft<br>(Total) | Adjusted<br>Assessed<br>/ Sq Ft<br>(Total) |
|--------------------------|---------------|----------------------------|--------------------------------|------------------------------|--|--|
| 1                        | 16440-130 Ave | \$103                      | \$111.00                       | -40%                         | \$62.57                                | \$67.22                                    |
| 2                        | 11570-154 St  | \$81                       | \$125                          | -40%                         | \$48.40                                | \$65.74                                    |
| 3                        | 16815-117 Ave | \$60.00                    | \$60                           | +20%                         | \$76.37                                | \$80.15                                    |
| 4                        | 16104-114 Ave | \$115                      | \$115                          | -25%                         | \$74.80                                | \$72.66                                    |
| 5                        | 12603-123 St  | \$72.81                    | \$60.64                        | -20%                         | \$58.25                                | \$48.51                                    |
| 6                        | 14350-123 Ave | \$79                       | \$79.74                        | 0%                           | \$79.14                                | \$70.95                                    |
| 7                        | 14320-121A A  | \$82                       | \$82                           | -10%                         | \$77.09                                | \$68.42                                    |
| <b>Sub 16602-114 Ave</b> |               | <b>\$ 77.51</b>            |                                |                              |  |  |

*Note: For comparative purposes, italics indicate data provided by the Respondent.*

[10] Based on the Complainant's analysis of these sales and assessments to the subject property, the Complainant considered a base year market value of \$70 per square foot or \$4,275,500 to be reasonable.

[11] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to \$4,275,500.

### **Position of the Respondent**

[12] The Respondent submitted a 47 page disclosure, Exhibit R-1 ("R-1"), containing an industrial warehouse brief, pictures, maps, a profile report, complainant issues, comparable sales, equity comparables, additional evidence, a conclusion and law brief.

[13] The Respondent's *City of Edmonton's 2013 Industrial Warehouse Assessment Brief* listed the factors affecting the value in the warehouse inventory, in declining importance, as: total main floor area, site coverage, effective age, condition, location, main floor finished area, and upper finished area.

[14] The Respondent submitted a table containing three sales comparables, which is reproduced below:

| #                        | Address       | Sale<br>Date | Main<br>Floor<br>Area | %<br>Site<br>Cover | Eff<br>Age  | Condition  | Location  | Main<br>Floor<br>Finish | Upper<br>Finish | TASP<br>/ Sq Ft<br>(Total) |
|--------------------------|---------------|--------------|-----------------------|--------------------|-------------|------------|-----------|-------------------------|-----------------|----------------------------|
| 1                        | 20 Airport Rd | April-08     | 47,209                | 46                 | 1975        | Avg        | 17        | 24,345                  | 0               | \$75                       |
| 2                        | 16104-114 Ave | Jan-12       | 65,600                | 34                 | 77/06       | Avg        | 17        | 13,907                  | 1,120           | \$115                      |
| 3                        | 14350-123 Ave | June-12      | 57,344                | 46                 | 1976        | Avg        | 17        | 1,536                   | 0               | \$79                       |
| <b>Sub 16602-114 Ave</b> |               |              | <b>60,549</b>         | <b>41</b>          | <b>1974</b> | <b>Avg</b> | <b>17</b> | <b>8,649</b>            | <b>529</b>      | <b>\$78</b>                |

[15] The Respondent's chart indicated that its sales comparable #2 required a downward adjustment while its remaining sales comparable required no adjustment. The Respondent also included a chart of the Complainant's sales comparables. This chart indicated that the Complainant's sales comparables #1, #2 and #4 all required an overall downward adjustment; #3 required an upward adjustment, #6 and #7 required no adjustments and sales comparable #5 was noted to be a non-arms length sale. The Respondent also noted that their sale comparables #2 and #3 are the same as the Complainant's sale comparables #4 and #6, respectively.

[16] The Respondent submitted a table of five equity comparable properties, which are all located Industrial Group 17, similar to the subject property. The information is summarized as follows:

| #   | Address            | Main Floor Area | Bldg Count | % Site Cover | Eff Age | Condition | Location | Main Floor Finish | Upper Finish | Assmt / Sq Ft (Total) |
|-----|--------------------|-----------------|------------|--------------|---------|-----------|----------|-------------------|--------------|-----------------------|
| 1   | 11603-165 St 15110 | 53,851          | 1          | 41           | 1979    | Avg       | 17       | 15,049            | 0            | \$86                  |
| 2   | Yellowhead Tr      | 57,849          | 1          | 41           | 1982    | Avg       | 17       | 5,951             | 3,320        | \$81                  |
| 3   | 14405-128 Ave      | 59,532          | 1          | 37           | 1970    | Avg       | 17       | 2,475             | 6,900        | \$71                  |
| 4   | 10460-172 St       | 59,714          | 1          | 45           | 1978    | Avg       | 17       | 33,229            | 0            | \$86                  |
| 5   | 11311-120 St       | 67,775          | 1          | 46           | 1976    | Avg       | 17       | 33,260            | 2,880        | \$78                  |
| Sub | 16602-114 Ave      | 60,549          | 1          | 41           | 1974    | Avg       | 17       | 8,650             | 530          | \$78                  |

[17] The Respondent indicated on its table that its equity comparables required no adjustments. The Respondent's analysis of the Complainant's equity comparables indicated that the Complainant's equity comparables #1, #2 and #4, required an overall downward adjustment, #3 required an upward adjustment while #6 and #7 required no adjustment.

[18] The Respondent submitted several excerpts from *The Appraisal of Real Estate, 2<sup>nd</sup> Edition* and *Basics of Real Estate Appraising, 5<sup>th</sup> Edition*, in support of its arguments regarding qualitative analysis and adjustments.

[19] The Respondent also submitted argument regarding the Complainant's small number Assessment to Sales Ratios (ASRs) and changes to the property from the sale date to the assessment date.

### **Decision**

[20] It is the decision of the Board to confirm the 2013 assessment of the subject property at \$4,734,500.

### **Reasons for the Decision**

[21] The Board heard from the Complainant that its basis of adjustment relied upon approximately 1% per year in difference in age, 1% per percentage difference in site coverage and a factor for the difference in size. However, the Board places little confidence in the quantitative adjustment method relied upon by the Complainant to determine a reasonable value for the subject property. The Complainant provided no supporting evidence in appraisal theory or practice in support of this methodology.

[22] The Board accepts the Factors Affecting Value given in the Respondent's 2012 Industrial warehouse Assessment Brief (R-1, pp. 8-10), which, in descending order of importance, are given as: total main floor area (per building), site coverage, effective age (per building), condition (per building), location of the property, main floor finished area, and upper finished area. The Board also notes that the first three factors were used by the Complainant to determine the adjustment factors applied to its sales comparables.

[23] From the Board's examination of the Complainant's sales comparables it appears that its sales comparable #6 most closely matches the assessable factors of the subject property in terms of main floor area, effective age, and mezzanine, although approximately 3,000 square feet smaller with less main floor office and 5% more site-coverage. It sold for \$79 per square foot compared to \$78 per square foot for the subject property and supports the assessed value of the subject property. The Board notes that this sale comparable was also presented by the Respondent as sales comparable #3, and indicated as requiring no overall adjustment.

[24] The Complainant's sales comparable #7 also closely matches the assessed factors of the subject property in terms of site coverage and age, although almost 13,500 square feet smaller with less main floor office area and slightly greater upper office, sold for a TASP per square foot of \$85.65 as determined by the Complainant, and \$82 by the Respondent, compared to assessed value of \$78 per square foot for the subject property. The Board finds this supports the assessed value of the subject property.

[25] The Board notes that the equity comparables presented by the Complainant were also presented as its sales comparables. Again, relying on both parties' sales comparable, the Complainant's #6 and the Respondent's #3, presented also as the Complainant's equity comparable, the Board finds the assessed value given by the Respondent as \$71 per square foot and the Complainant as \$70.95 per square foot, supports the per square foot assessed value of the subject property at \$78.

[26] The Board finds the five equity comparables presented by the Respondent to closely match the assessed factors of the subject property in terms of main floor area, site coverage, and age and the assessed value of these equity comparables given as having assessed values ranging from \$71 to \$86 per square foot, support the assessed value of the subject property at \$78 per square foot.


[27] Based on its consideration of the above findings, the Board concludes the subject property to be fairly and equitably assessed at \$78 per square foot.

### **Dissenting Opinion**

[28] There was no dissenting opinion.

Heard commencing November 26, 2013.

Dated this 11<sup>th</sup> day of December, 2013, at the City of Edmonton, Alberta.

  
Larry Loven, Presiding Officer

**Appearances:**

Tom Janzen

for the Complainant

Amy Cheuk

Suzanne Magdiak

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.*