

Edmonton Composite Assessment Review Board

Citation: Finning International Inc. as Represented by AEC Property Tax Solutions v The City of Edmonton, 2014 ECARB 00528

Assessment Roll Number: 1033034
Municipal Address: 18131 118 Avenue NW
Assessment Year: 2014
Assessment Type: Annual New
Assessment Amount: \$9,249,000

Between:

Finning International Inc. as Represented by AEC Property Tax Solutions
Complainant

and

The City of Edmonton, Assessment and Taxation Branch
Respondent

DECISION OF

Robert Mowbrey, Presiding Officer
Jack Jones, Board Member
Joseph Ruggiero, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties indicated they did not object to the Board's composition. In addition, the Board members stated they had no bias with respect to this file.

Preliminary Matters

[2] There were no preliminary issues for the Board to deal with.

Background

[3] The subject property is a 100,983 square foot large warehouse constructed in 1984 and located in the Edmiston Industrial neighborhood. The site coverage is 29%, the zoning is IM and the assessment methodology utilized is the direct sales approach.

Issues

[4] Is the assessed value of the subject property at \$9,249,000 correct?

Position of the Complainant

[5] The Complainant filed this complaint on the basis that the assessment of \$9,249,000 is in excess of market value. The Complainant presented a disclosure package marked as Exhibit C-1. In addition, the Complainant also presented a rebuttal marked as Exhibit C-2.

[6] The Complainant presented the Board with assessment details, maps and photographs of the subject property.

[7] In support of this position, the Complainant presented five sale comparables that were time adjusted to the valuation date of July 1st, 2013. The sale comparables ranged in total building area from 2.99 acres to 13.3 acres, site coverage from 19 to 57% and year of construction from 1958 to 1983. The time adjusted selling price (TASP) ranged from \$75 to \$118 per square foot of total building area and the median was \$96 per square foot.

[8] In addition, the five sale comparable properties ranged in assessment values from \$76 to \$88 per square foot of total building area.

[9] The Complainant advised the Board that size was the most significant driver of value.

[10] The Complainant advised the Board that the best sales comparable for the Complainant was #2 at 14604 134 Avenue. The TASP unit value of total building area is \$96 and the assessment unit value of total building area is \$88. Therefore, the Complainant asserts, since the best comparable is under assessed by 9%, a reduction by 9% for the subject property is warranted and would bring the subject property into line. This 9% reduction would return a value of \$8,416,590, or \$83.35 per square foot of assessment.

[11] During cross examination of the Complainant by the Respondent, the Complainant noted that one has to look at the aggregate building size and building size was the driver of value.

[12] In addition, the Complainant noted that the Respondent had 4 out of 5 sale comparables with significantly higher site coverage than the subject property.

[13] The Complainant also noted that the Respondent had two comparables that were much newer than the subject property and therefore limiting their comparability and relevance.

[14] The Complainant presented the rebuttal information to the Board. The Complainant included the ASRs for the City's sales comparables. When one excludes two of the City's comparables due to their new vintage, and therefore limiting their comparability and relevance, the ASR for the median for the valid City comparables is 0.80.

[15] During argument and summation, the Complainant stated that when analyzing the ASRs, the subject property is inequitable and over assessed and a reduction is warranted.

[16] The Complainant requested the Board to reduce the 2014 assessment of \$9,249,000 to \$8,416,590.

Position of the Respondent

[17] The Respondent defended the 2014 assessment by providing the Board with a 53 page disclosure package marked as Exhibit R-1.

[18] The Respondent explained that the assessment and similar assessments were prepared using the direct sales comparison methodology. The Respondent advised the Board that "there is ample data from which to derive reliable estimates and only a portion of the inventory is traded based on its ability to generate income. A large percentage of industrial property in Edmonton is owner-occupied, and as such has no income attributable to it" (Exhibit R-1 page 28).

[19] The Respondent advised the Board that sales occurring from January 2008 through June 2013 were used in the model development and testing. Factors found to 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 finished area (per building). The most common unit of comparison for industrial properties is unit value (dollar per square foot) of building area (Exhibit R-1 pages 29, 30, 31 and 32).

[20] The Respondent provided the Board with maps, photographs and assessment details of the subject property.

[21] In support of the City of Edmonton's assessment, the Respondent presented five sale comparables. The comparables ranged in year built from 1974 to 2009, were all in average condition and ranged in site coverage from 25 to 50%. The total building size ranged from 100,016 to 135,563 square feet and time-adjusted sale price per square foot of total building area ranged from \$68 to \$160.

[22] The Respondent presented four equity assessment comparables to the Board. The equity comparables ranged in effective age from 1971 to 1987, were all in average condition and site coverage ranged from 15 to 46%. The total building size ranged from 93,730 to 143,670 square feet. The assessment per square foot of total building area ranged from \$93 to \$102.

[23] During argument and summation, the Respondent advised the Board that the Complainant's sale comparables were all older than the subject, one sale comparable being much older. In addition, the site coverages were significantly different and three of the five sale comparables had multiple buildings.

[24] During argument and summation, the Respondent stated that the Complainant's sale #1 [5726 72A Avenue] was assessed on the cost approach and the property was in a different industrial inventory.

[25] During argument and summation, the Respondent advised that it was inappropriate for the Complainant to use the ASRs in the manner in which they had been utilized.

[26] The Respondent requests the Board to confirm the 2014 assessment of \$9,249,000.

Decision

[27] The Board confirms the 2014 assessment of \$9,249,000.

Reasons for the Decision

[28] After review and consideration of the evidence and argument presented by both parties the Board determined that the 2014 assessment of the subject property at \$9,249,000 is appropriate.

[29] The Board notes that the Complainant stated that the best sale comparable was #2 [14604 134 Avenue] and the TASP of \$96 per square foot supports the assessment.

[30] The Board was advised that all sale transactions were vetted and verified by the City's valuation group, and did not rely on third party reports, but utilized the third party reports as back up to the City's analysis. The Board was persuaded by the Respondent's sales analysis, showing the average TASP per square foot of total building area was \$117.00, which supports the assessment and the medium is \$105.00 TASP per square foot of total building area.

[31] The Board placed less weight on the ASR and fairness argument presented by the Complainant as both the sale and assessment values (noted above) for the comparable properties which were presented by both parties support the 2014 assessment of the subject property

[32] The Board was also persuaded by the Respondent's equity analysis. The four equity comparables were similar in terms of year of construction, site coverage and total building area. The equity comparable assessments support the subject properties assessment.

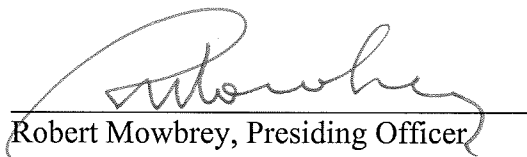
[33] The Board concluded that the Complainant did not provide sufficient nor compelling evidence to convince the Board that the assessment of the subject property was incorrect.

Dissenting Opinion

[34] There was no dissenting opinion.

Heard June 16, 2014.

Dated this 20th day of JUNE, 2014, at the City of Edmonton, Alberta.


Robert Mowbrey, Presiding Officer

Appearances:

John Smiley, Senior Consultant, AEC Property Tax Solutions
Maciej Kudrycki, AEC Property Tax Solutions
for the Complainant

Melissa Zayac, Assessor, City of Edmonton
Steve Lutes, Legal Counsel, City of Edmonton
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.

Appendix

Legislation

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.

Exhibits

C-1 – Complainant’s Brief (20 pages)

C-2 – Complainant’s Rebuttal (15 pages)

R-1 – Respondent’s Brief (53 pages)