Edmonton Composite Assessment Review Board

Citation: John C. Manning v The City of Edmonton, ECARB 2012-001791

Assessment Roll Number: 10129272
Municipal Address: 5504 36 STREET NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

John C. Manning

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Hatem Naboulsi, Presiding Officer
George Zaharia, Board Member
Howard Worrell, Board Member

Preliminary Matters

[1] There were no preliminary matters. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

[2] Evidence and arguments are carried forward, where relevant, to this file from roll numbers 10083184 and 10083185.

Background

[3] The subject property is a multi-tenant office/warehouse building containing a total of 73,518 square feet. It was built in 2008 and is located in the Pylypow Industrial neighbourhood of southeast Edmonton. The property is a corner lot zoned IM, 144,396 square feet (3.3 acres) in size with site coverage of 42%. It is not on a major roadway.

[4] The subject was assessed using the direct sales approach resulting in a 2012 assessment of $8,259,000 ($112.34 per square foot).

Issue(s)

[5] Is the subject property assessed in excess of its market value when compared to sales/equity of similar properties?

Legislation

[6] The Municipal Government Act reads:

> ***Municipal Government Act*, RSA 2000, c M-26**
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> 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 into evidence a 23-page brief identified as C-1, arguing that the current assessment of $8,259,000 is excessive compared to sales of similar properties. In support of this position, the Complainant submitted eight sales/equity comparables of similar properties. The sales occurred between February 2010 and August 2011, the properties selling for prices ranging from $81.66 to $113.02 per square foot. The assessments for these properties ranged from $76.67 to $147.10 per square foot (Exhibit C-1, page 1).

[8] The Complainant advised that the subject property is not on a major roadway whereas sales #'s 3 and 4 are located in superior locations on main roadways. The Complainant added that the subject had higher site coverage than comparable sales #'s 6 and 7, requiring that the sales prices and assessments for these two comparables receive a downward adjustment (Exhibit C-1, page 2).

[9] Based upon his sales/equity comparables, the Complainant placed most weight on sales #'s 3, 4, 5, and 8 that were considered to have the most similar physical characteristics to the subject property.

[10] In conclusion, based on a value of $95.00 per square foot, The Complainant requested the Board to reduce the 2012 assessment of the subject property from the original $8,259,000 to $6,984,000.

Position of the Respondent

[11] The Respondent submitted into evidence a 37-page brief identified as R-1, arguing that the current assessment of $8,259,000 is fair and equitable when compared to sales of similar properties. He also submitted a 44-page law and legislation brief.

[12] In support of this position, the Respondent submitted a total of nine sales comparables that included five of the eight Complainant's comparables, stating that there were not a lot of sales of similar sized buildings. The sales occurred between June 16, 2008 and May 18, 2011. The Respondent time-adjusted all the sales resulting in prices ranging from $80.43 to $203.16 per square foot (Exhibit R-1, page 10). The Respondent asked the Board to place more weight on the four additional sales that he had provided.

[13] Of the four additional sales provided by the Respondent, three were located in northwest Edmonton while the fourth was located in southeast Edmonton as is the subject. The Respondent stated that properties in southeast Edmonton were valued 15% higher than those in northwest Edmonton. As well, newer properties demanded a premium.

[14] The Respondent submitted seven equity comparables of similar properties all located in the Pylypow Industrial neighbourhood, the same as the subject property. These comparables ranged in assessed value from $120.54 to $138.90 per square foot, with the assessment of the subject property at $112.34 per square foot, falling below this range (Exhibit R-1, page 20).

[15] The Respondent advised the Board of factors that were found to affect value in the warehouse inventory, those being: location, lot size, age and condition of the building, size of the main floor, the amount of finished area on the main floor, as well as developed upper area (Exhibit R-1, page 33). Upper unfinished mezzanine space was not assessed.

[16] In summary, the Respondent:

i. Asked the Board to place most weight on sales #'s 6 to 9, the four additional sales submitted by the Respondent, since they required the least adjustments.

ii. Asked the Board to look at newer comparables since age was found to be one of the factors, the subject having been built in 2008.

iii. Suggested that the Complainant had failed to meet onus - to prove that the assessment was incorrect.

[17] In conclusion, the Respondent requested the Board to confirm the 2012 assessment of the subject property at $8,259,000.

Decision

[18] The decision of the Board is to confirm the 2012 assessment of the subject property at $8,259,000 ($112.34 per square foot).

Reasons for the Decision

[19] The Board was not persuaded by the Respondent's position that properties in southeast Edmonton commanded 15% more value than properties in northwest Edmonton since it was not provided with any evidence to support this position. However, the Board did use the three sales comparables submitted by the Respondent that were located in northwest Edmonton since they compared quite well to the subject in building size, age and site coverage.

[20] The Board was not persuaded by the Respondent's argument that the Complainant had not met onus. Although the Board did not use some of the Complainant's sales/equity comparables for the reasons listed in paragraph # 21, the Board did utilize some of the Complainant's comparables in arriving at its decision.

[21] The Board did not include some of the Complainant's sales/equity comparables in determining the amended assessment for a various reasons – site coverage that was much greater than the subject's, buildings that were much greater in size compared to the subject, condition of one of the comparables that was deemed "fair" rather than "average", and a sale that was post facto. However, the Board considered the Complainant's sales # 5, 6 and 7 appropriate, and included them in arriving at a decision.

[22] The Board did not include the Respondent's sales comparable # 6 because at $203.16 per square foot, the Board determined that this sale was an outlier since it was so much greater than the other comparables, both the Complainant's and the Respondent's.

[23] By accepting the Complainant's sales # 5, 6, and 7 and the Respondent's sales # 7, 8, and 9, the resulting average was $109.84 per square foot. The Board was persuaded that these sales compared favourably to the subject based on site coverage and building size, and were all in "average" condition. Four of the sales were very similar in age.

[24] The resulting average of $109.84 per square foot supported the $112.34 assessment of the subject property. The average of the six selected sales at $109.84, is 2.2% less than the subject's $112.34 assessment, which is within the threshold of the +/- 5% quality standard as identified in section 10 of the *Matters Relating to Assessment and Taxation Regulation*.

[25] The Board found that the equity comparables that ranged from $120.54 to $138.90 per square foot submitted by the Respondent exceeded, and therefore supported, the $112.34 assessment of the subject property. However, it should be noted that assessments of equity comparables #'s 2 and 3 were reduced from $131.55 and $128.97 per square foot respectively to $110 per square foot by this Board. As a result of this reduction, the $112.34 assessment of the subject property fell within the revised range of $110 to $138.90 per square foot.

[26] The Board was persuaded that the 2012 assessment in the amount of $8,259,000 was fair and equitable.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing September 17, 2012.

Dated this 1st day of October, 2012, at the City of Edmonton, Alberta.

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Hatem Naboulsi, Presiding Officer

Appearances:

Tom Janzen, CVG
for the Complainant

Luis Delgado, Assessor
for the Respondent