



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
EDMONTON, ALBERTA T5J 2R7
(780) 496-5026 FAX (780) 496-8199

July 5, 2010

NOTICE OF DECISION NO. 0098 12/10

PETRO CANADA EXPLORATION
2520 CALGARY TRAIL NW
CALGARY, AB T2P 3E3

THE CITY OF EDMONTON
ASSESSMENT AND TAXATION BRANCH
600 CHANCERY HALL
3 SIR WINSTON CHURCHILL SQUARE
EDMONTON, AB T5J 2C3

This is a decision of the Assessment Review Board (ARB) from a hearing held on June 21, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Number 10037276	Municipal Address 1830 102 Street NW	Legal Description Plan: 0523284 Block: 19 Lot: 2
Assessed Value \$3,549,500	Assessment Type Annual - New	Assessment Year 2010

Before:

Pat Mowbrey, Presiding Officer
George Zaharia, Board Member
Judy Shewchuk, Board Member

Persons Appearing: Complainant

Ben Matthews

Persons Appearing: Respondent

John Ball, Assessor

PROCEDURAL 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.

There were no preliminary issues raised by the parties and the Respondent did not have any recommendations on the file.

ISSUES

Is the 2010 assessment too high?



LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

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

1. The Complainant described the subject property as a gas stations and car wash, with a canopy, gas pumps and underground storage tanks. The building is 3,743 sq ft built in 2004 and located on a 50,870 sq ft site, C1.
2. The Complainant requested a review of the subject property assessment, as it believes the value placed on the subject is aggressive in relation to other properties located in the South Edmonton Common area and the assessment is not equitable with similar commercial lands of similar zoning and use, C1 p7.
3. The Complainant presented an Equity Comparable Chart, C-1 p.11, with 3 equity comparables located in South Edmonton and 2 in North Edmonton. The comparison was based on the assessed value divided by the lot size.
4. The Complainant submitted an assessment calculation using income rates from 2 comparable properties C1 p23.
5. The Complainant agrees there is value in the subject building and service station equipment and tanks.

POSITION OF THE RESPONDENT

1. The Respondent's position, C1 p11, is that the subject property is located in South Edmonton Common, located east of Calgary Trail and south of 23rd Avenue, is defined as a Power Centre with more than 250,000 sq ft of space anchored by at least three or more anchor tenants that occupy 75% of the gross leaseable area. The anchors are typically Home Depot, Home Outfitters, Pier One, London Drugs and is usually flanked by 1 or 2 major thoroughfares. The Respondent stated South Edmonton Common is the most popular retail shopping centre in Edmonton and the risk for a retail operation is less than other locations within the city.
2. The Respondent valued the subject property using the Cost Approach, which involves adding the depreciated replacement cost of the improvements to the estimated value of the land (derived from direct sales). The cost approach is employed to derive market estimates for properties whose market values are not accurately predicted by the income approach or for the valuation of special purpose properties. The 2010 assessment using the Cost Approach is \$3,549,500.

3. The Respondent provided a Land Equity Comparison chart, R1 p23, to the subject, noting the three properties immediately adjacent to the subject property are similar in size and are assessed at \$46.96 per sq ft, \$42.88 per sq ft and \$46.42 per sq ft., indicating the subject land assessment of \$45.00 per sq ft is reasonable and in line with the properties in the immediate area.
4. The Respondent rebuts the Complainant's equity comparables stating the method of calculating the per sq ft values are too vague with no attributes taken into consideration such as the building size, type, condition, age nor the site size, site coverage and location.

FINDINGS

1. The subject property, which is a gas station and car wash, is a special purpose property.
2. The Cost Approach is the most appropriate method of valuation for the subject property.
3. South Edmonton Common, located south of 23rd Avenue and east of Calgary Trail, is a Power Centre, superior to other retail locations in Edmonton and attracts lower risk.

DECISION

The Decision of the Board is to confirm the 2010 assessment of \$3,549,500

REASONS FOR THE DECISION

1. The Board places greater weight on the Respondent's land equity comparables, R1 p23, which are properties located in the immediate area of the subject and support the land assessment of the subject property.
2. The Board agrees the subject property is a special purpose property and the Cost Approach to Value is the most appropriate method of valuation which involves adding the depreciated replacement cost of the improvements to the estimated value of the land (derived from direct sales).
3. The Board cannot consider the Subject Assessment Comparables, C1 p11, as there is no basis for comparison of the comparable properties to the subject.
4. The Board considers South Edmonton Common, south of 23rd Avenue and east of Calgary Trail, to be a typical power centre with a number of big box national tenants and is a major development and retail attraction in the South area and as stated by the Respondent presents a lower risk to the retail occupants.

The Board finds the 2010 assessment of \$3,549,500 to be fair and equitable.

Dated this ninth day of July 2010 A.D. at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: MUNICIPAL GOVERNMENT BOARD

