



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 149/10

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335- 8 Avenue SW
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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 Composite Assessment Review Board (CARB) from a hearing held on August 3, 2010, respecting a complaint for:

Roll Number 4121356	Municipal Address 17320 Stony Plain Road NW	Legal Description Plan:9020545 Block: 2 Lot: 15
Assessed Value \$2,506,000	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Board Officer: Alison Mazoff

James Fleming, Presiding Officer
Dale Doan, Board Member
Jack Jones, Board Member

Persons Appearing: Complainant

David Porteous, Colliers International Realty
Advisors

Persons Appearing: Respondent

Allison Cossey, Assessor, City of Edmonton

PRELIMINARY MATTERS

Neither party raised any preliminary issues, nor did they object to the composition of the Board. Neither the Board nor the parties raised any issues of bias.

BACKGROUND

This is a complaint regarding a property in good condition, assessed as a one storey retail/wholesale building, and valued using the income approach to value. The site is 1.423 acres, and is improved with a building that has a gross area of 15,038 square feet and a net leasable area of 14,283 square feet. The subject is used as part of a sales facility for an auto dealership (Mayfield Toyota) in the Stone Industrial area in West Edmonton. The Complainant included seventeen issues on the complaint form but at the hearing confirmed that the only live issue was the rental rate for the space. The property is zoned CB1.

ISSUES

What is the appropriate rental rate for the property?

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

The Complainant based the appeal on one comparable located at 10220 172 Street which was located almost across the street from the subject. This property was assessed using a rate of \$11.75 per square foot, and the Complainant submitted that the uses were virtually identical, and so, there should be no difference in the rental rate between the properties. Both the subject and the comparable had common ownership and both properties were used in conjunction with the sales operations of Mayfield Toyota.

He acknowledged the difference in location, with the subject having better exposure, but felt that the locational difference was adequately accounted for in a lower capitalization rate for the subject (8.0% versus 8.5% for the comparable). Based on a revised rent for the subject (reduced from \$15.00 to \$11.75 per square foot), the Complainant requested an assessment of \$1,966,000.

In response to questions, the Complainant acknowledged that the comparable had different zoning (CB1 for the subject versus CB2), was classified differently than the subject (an automobile showroom for the comparable vs. retail/wholesale space for the subject), and that the comparable was only in average condition as opposed to the subject which was in good condition.

Finally, the comparable was roughly half the size of the subject. The Complainant reiterated that the difference in the other attributes in the valuation of each property adequately recognized those differences, and functionally, the two properties had identical uses, and thus, should have identical rents.

POSITION OF THE RESPONDENT

The Respondent provided four equity comparables for the subject, all of which were classified as stores or retail stores (which the Respondent indicated were comparable). The comparables had assessed rental rates between \$14.25 per square foot and \$18.25 per square foot. The Respondent submitted that their comparables adequately supported the rate for the subject at \$15.00 per square foot. The Respondent requested confirmation of the assessment at \$2,506,000.

FINDINGS

The Board finds there are too many differences in the attributes between the Complainant's single comparable and the subject to consider it similar enough to the subject to support an identical rental rate.

DECISION

The assessment is confirmed at \$2,506,000.

REASONS FOR THE DECISION

The Board notes that normally it is not sufficient to simply present one comparable as support for a change in an assessment, unless the properties are extremely similar. This is particularly true in the case of equity based complaints.

In this complaint, the only property used to support the Complainant's request has different zoning, is of a lesser quality, is much smaller, has a different use classification, and has an inferior location among many other different valuation attributes. All of these factors make it difficult to consider this property as similar to the subject, and thus, it does not support the rental rate equity request.

The Board acknowledges that the uses of the two properties are similar. However, considering the differences noted above, and without additional argument or evidence, this similarity was not sufficient to convince the Board to find in the Complainant's favor.

The Board also notes that neither party submitted evidence using the information on the numerous automotive dealerships in the area. This information could have been obtained without a lot of effort, and would have been very useful in adjudicating this appeal.

DISSENTING DECISION AND REASONS

There were no dissenting decisions or reasons.

Dated this 25th day of August, 2010, at the City of Edmonton, in the Province of Alberta.

James Fleming,
Presiding Officer

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, R.S.A. 2000, c.M-26.

CC: Municipal Government Board
CC: 771077 ALBERTA LTD
CC: James W. Forster, Colliers International Realty Advisors, Edmonton