



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 264/11

CVG  
1200-10665 Jasper Avenue  
Edmonton, AB T5J 3S9

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 October 24, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8480162	4504 99 Street NW	Plan: 4187RS Block: 1 Lot: 7	\$7,366,000	Annual New	2011

#### Before:

Tom Robert, Presiding Officer  
Francis Ng, Board Member  
John Braim, Board Member

**Board Officer:** Segun Kaffo

#### Persons Appearing on behalf of Complainant:

Tom Janzen

#### Persons Appearing on behalf of Respondent:

Abdi Abubakar, Assessor  
Peter Bubula, Assessor

## **PRELIMINARY MATTERS**

None.

## **BACKGROUND**

The subject property is located at 4504 99 Street NW with partial exposure to 99 Street. The property comprises of 49,087 square foot of industrial manufacture, retail and office spaces. It was built in 1976, with an effective year built of 1983. It is zoned as Industrial Business District (IB) and assessed with the effective zoning of General Business District (CB2). During the assessment year, it was leased to a small restaurant, pet memorial, insurance brokers, credit union and metal cutting business.

## **ISSUE(S)**

Is the 2011 assessment correct?

## **LEGISLATION**

***Municipal Government Act, RSA 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 provided the Board with their disclosure (C-1) and an independent appraisal (C-2) that had been prepared for annual valuation purposes effective July 16, 2010. The disclosure evidence indicated the front portion of the subject property is primarily office use and faces 99 Street, whereas the rear portion is warehouse/industrial with no exposure to 99 Street, due to the fairly unique configuration of the building. The Complainant applied an income approach and concluded the rental value of the office space was \$12.00 per square foot, and the warehouse space was \$7.50 per square foot at valuation day, which is higher than the actual values being attained in the subject even though there was a relatively high turnover of tenants. A capitalization rate (cap rate) was arrived at from seven comparable property sales and also from an additional seven sales in the appraisal report. Utilizing this approach, the value would be \$5,590,000.

The Complainant also provided a direct comparison approach listing seven sales comparables, four of which were also located with a frontage of 99 Street including an adjoining property. They were all of similar age and reasonably similar size and use as the subject property, and were all zoned IB like the subject property, except sale #4 that was zoned IM. The seven

comparables sold between May 2008 and December 2010 and when time adjusted to valuation day indicated values ranging from \$75.14 per square foot to \$119.01 per square foot. The assessments for the same seven sales ranged from \$85.59 per square foot to \$101.57 per square foot. The value indicated by this approach equates to a unit rate of \$110 per square foot for an overall assessment of \$5,399,500.

The Complainant also provided an appraisal in support of their figures. The appraisal report included an income approach, a discounted cash flow analysis and a direct comparison approach that indicated values ranging from \$5,540,000 to \$5,680,000, with a final value conclusion of \$5,600,000 that gives good support to the value requested, namely \$5,500,000.

## **POSITION OF THE RESPONDENT**

The position of the Respondent is that the subject property is fairly assessed at the recommended value of \$7,042,500. The original assessment has miscoded the space which is occupied by MPB Lasertech Technology Inc. (17,404 square feet) as CRUMAX with a rental rate of \$11.50 per square foot. The Respondent indicated that since it is over 10,000 square feet, it should be coded as CRUEXT (CRU extreme) and a rental rate of \$9.75 per square foot should have been applied. This is the basis of the recommendation to lower the original assessment to \$7,042,500.

The Respondent submitted that the Complainant representative (CVG) do not have authorization to use the appraisal report prepared by Altus Group. Secondly, the report was not for the purpose of assessment appeal; therefore the Respondent asked the Board to put lesser weight on the Complainant's appraisal report.

The Respondent submitted that the subject property is being assessed as a "Retail Plaza", not as industrial property as suggested by the Complainant. Although its zoning is IB, its effective zoning is CB2 (R1, p.3), because the Respondent has determined that the subject is more of a commercial retail property than industrial property.

The Respondent supported the assessment by sales and equity comparables studies. In the comparable sales study, there are five sales comparables. In these sales comparables, there are two retail plazas, two neighborhood shopping centers and one warehouse with office space (R1, p.31 – 36). The year built ranges from 1978 to 1996 and net building size ranges from 18,887 square feet to 42,276 square feet. The time-adjusted sale price per square foot ranges from \$145 to \$288. During cross examination, the Respondent indicated that their comparable sales #1, #2 and #4 are superior to the subject property. The time-adjusted sale price of sale #1 is \$288, sale #2 is \$196 and sale #4 is \$192, however the assessment of the subject is \$143 per square foot which is far below these superior properties.

In addition, the Respondent provided three equity comparables (R1, p.37 – 47). They are all retail plazas, with year built ranging from 1977 to 1990, net building size ranging from 26,065 to 47,912 square feet and their assessment per square foot ranging from \$139.06 to \$179.73, which supports the proposed assessment per square foot (\$143.47) of the subject.

Lastly, the Respondent supported the rental rates that were applied to the subject with lease rates comparables of CRU Med, CRU Max, CRU Meg, Offices, Restaurants and Banks around the City of Edmonton (R1, p.49 – 58). Based on the lease rates comparables, the Respondent found the subject is equitably assessed.

## **DECISION**

The decision of the Board is to reduce the 2011 assessment from \$7,366,000 to \$5,500,000.

## **REASONS FOR THE DECISION**

The Board after review of all of the comparables presented by both parties, as well as the appraisal report of the subject property presented by the Complainant, has determined that the subject property value should reflect actual use and zoning.

The subject property is zoned IB. The primary tenant is an industrial tenant (MPB Lasertech Technology Inc.) leasing approximately 48% of the total leasable area.

The Board has determined that the best indicators of value were derived via the Direct Comparison Sales approach to value, as presented by the Complainant.

The most comparable sales were located on 99 Street and range in value from \$98 to \$112 per square foot. The requested value of \$110 per square foot falls to the upper end of the range and appears to support a requested value of \$5,500,000.

The direct comparison value was further supported by the Appraisal Report and the income value, both indicating a value of approximately \$5,500,000.

The Board was not persuaded by the Respondent's comparable sales. The Respondent provided several sales comparables which were retail shopping centers (zoned as commercial), whereas the subject zoning is actually IB. The assessment indicates a zoning of CBZ as effective zoning (EVZ), which is a zoning elected by the assessor in the valuation process.

## **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 2<sup>nd</sup> day of November, 2011, at the City of Edmonton, in the Province of Alberta.

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Tom Robert, Presiding Officer

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*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.*

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cc: 852819 ALBERTA LTD