



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 291/10

CVG Canadian Valuation Group
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 Assessment Review Board from a hearing held on October 20, 2010, respecting a complaint for:

| | | |
|--------------------------------------|---|--|
| Roll Number 10101699 | Municipal Address 13151 146 Street NW | Legal Description Plan: 0729744 Block: 12 Lot: 21 |
| Assessed Value \$9,723,000 | Assessment Type Annual - New | Assessment Notice for: 2010 |

Before:

Larry Loven, Presiding Officer
Terri Mann, Board Member
Brian Frost, Board Member

Board Officer:
Karin Lauderdale

Persons Appearing: Complainant

Peter Smith, CVG

Persons Appearing: Respondent

Cam Ashmore, Law Branch
Kevin Smyl, Assessment & Taxation Branch
Darren Davies, Assessment & Taxation Branch

PRELIMINARY MATTERS

1. 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. Prior to the commencement of the hearing, the parties were sworn in.

BACKGROUND

This property is a 2-storey multi-tenant building located in northwest Edmonton and is known as St. Albert Trail Place. It is 40,132 square feet, constructed in 2005. The 2nd floor remains substantially undeveloped pending leasing. The property is classified for 2010 assessment purposes as a 149 “AA” building.

ISSUE(S)

The Complainant had the following issues:

1. The assessment shown on the Annual Realty Notice for 2010 is incorrect as it is greater than the July 1, 2009 market value of this property and is inequitable in relation to the 2010 assessments of similar properties.
2. The estimated lease rate is greater than the typical or market rents and an analysis indicates that at least 10% lower income should be applied for 2010 assessment purposes.
3. The estimated vacancy rate is lower than the actual vacancy rate and an analysis of vacancy statistics and actual vacancies in similar buildings indicates a vacancy rate of at least 10% should be applied.
4. The capitalization rate is lower than the capitalization rates derived from sales of similar properties, an analysis of these sales indicates a higher cap rate of 8.5% should be applied for assessment purposes. In addition, the capitalized 2008 actual net operating income for the subject property is less than the assessment amount.
5. The assessment amount is inequitable.

At the Hearing, the Complainant did not present evidence on issue 3 and issue 4.

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 is of the position that the lease rate of \$21.00/sq.ft., pursuant to the 149 “AA” classification applied to the subject, is excessive. In particular, the Complainant is of the position that the lease rate should be based on the actual leases in the property (C-1 p.5).

The Complainant states that the rent roll shows rents ranging from \$17.00/sq.ft. to \$22.25/sq.ft. with no additional revenue from parking (C-1 p.5). The Complainant advised that parking revenue equates to \$1.75/sq.ft. of the total building area, and therefore \$1.75/sq.ft. should be deducted from the average of the signed leases, resulting in the sum of \$17.73/sq.ft. as the net rent achieved for the office space.

The Complainant alternatively proposes the subject should be re-classified as a 149 “A” building which would lower the assessment lease rate to \$17.00/sq.ft.

The Complainant proposes that a \$18.00/sq.ft. lease rate should be applied, resulting in a reduced assessment of \$8,670,000.

The Complainant further submits that the irregular shape of the site would suggest that the excess land assessment be reduced to a minimal amount. As well, access to the subject is from 146 Street, it has no frontage on St. Albert Trail, and limited exposure to St. Albert Trail. These are items which should be of additional consideration in the assessment.

The Complainant was of the position that the Respondent’s equity comparables were dissimilar to the subject (C-2 p.2-5) and provided photographs of the subject and the comparables. In this regard, the Complainant stated that they are dissimilar because they are owner-occupied, single tenant, contain a central lobby and have superior traffic exposure.

POSITION OF THE RESPONDENT

The Respondent was of the position that the subject is fairly and equitably assessed. The Respondent states that it utilizes a typical market rent for all office space within the Suburban Office inventory, and as the subject is classed as an “AA” office building in the 149th Street District, an office rate of \$21/sq. ft. is utilized when determining the assessed value.

The Respondent provided a rent roll dated February 20, 2009 as of February 1, 2009 (“Current Rent Roll”) showing an average rent rate of \$20.58/sq.ft., plus parking revenues (R-1 p.22). The Current Rent Roll shows parking revenue separate from the base rent. The Respondent submits that this data supports the lease rate applied and that, in any event, parking revenue as represented by the Complainant, should not be deducted from the lease rate.

The Respondent further provided a 2009 operating costs summary of the subject property, showing an additional lease not referenced in the Complainant’s rent roll, or the Respondent’s Current Rent Roll (R-1 p.23). This lease was for “Arrow Engineering” and the lease rate was at \$21.00/sq. ft.

The Respondent argued that the Complainant was precluded from introducing evidence on classification, pursuant to s. MRAC 9(1), as this was not an item that was identified on the complaint form.

The Respondent provided 2 equity comparables (R-1 p.28). Both of these comparables were located in 149 Street District, classified as “AA”, like the subject. The data demonstrated that the City of Edmonton applied a \$21.00/sq.ft. lease rate to the office space of both of these properties. The assessed rate for the 2 comparables, as well as the subject, was \$235.64/sq.ft. The Respondent concluded that their comparable equity data supports the \$21.00/sq.ft. lease rate and \$235.64/sq.ft. office assessment applied to the office space of the subject.

DECISION

The decision of the Board is to confirm the subject assessment of \$9,723,000.

REASONS FOR THE DECISION

The Board finds that because the Complainant did not state classification as an issue on the complaint form, pursuant to section 9(1) of MRAC, the Board is precluded from hearing evidence on this matter.

The Board notes that the Complainant acknowledged that there were discrepancies between the Rent Roll provided by the Complainant and the Current Rent Roll provided by the Respondent. The Complainant acknowledged further, that the Respondent's Current Rent Roll was more current, and therefore should be relied upon. The Complainant provided no further evidence to support lower lease rates.

The Board finds that the actual lease rates contained in the Current Rent Roll supports the lease rate applied by the City of Edmonton.

The Board finds that the equity comparables support the assessment.

The Board finds that the Complainant did not provide any further evidence or argument to support a lower assessment.

DISSENTING OPINIONS AND REASONS

There was no dissenting opinion.

Dated this 21st day of October, 2010, at the City of Edmonton, in the Province of Alberta.

Presiding Officer

cc: Municipal Government Board
City of Edmonton, Law Branch
St. Albert Trail Place Ltd.