



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION 0098 308/10

CVG Group Ltd.
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 25, 2010 respecting a complaint for:

Roll Number 2720779	Municipal Address 10350 124 Street NW	Legal Description Plan: RN22 Block: 32 Lots: 19-20
Assessed Value \$4,376,000	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Myron Chilibeck, Presiding Officer
Ron Funnell, Board Member
Reg Pointe, Board Member

Board Officer:

J. Halicki

Persons Appearing: Complainant

Peter Smith, Agent
CVG Ltd.

Persons Appearing: Respondent

Cameron Ashmore, Solicitor
Renee Gosselink, Assessor

PRELIMINARY MATTERS

Upon questioning, the parties expressed no objection to the composition of the CARB; the Board Members expressed no bias toward this roll.

The Respondent requested that the parties providing evidence be sworn-in and the oath was administered.

ISSUE(S)

At the outset of the hearing, the Complainant addressed one issue: What is the correct rental rate for the subject property?

BACKGROUND

The subject property, built in 1962 and located in the 124 Street district in the Westmount neighbourhood, is a multi-tenant, two-and-a-half storey class “B” office building (half storey below grade) comprising approximately 25,945 sq. ft. of office space and approximately 1,400 sq. ft. of storage space.

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 accepts the Respondent’s vacancy and capitalization rates for the subject property, but disputes the lease rate applied to the office space component of the subject.

The Complainant’s average of the five tenant leases in the subject property from February 2007 to April 2009 suggests a lease rate of \$11.30/sq. ft. rather than the assessment rate of \$15.00/sq. ft. In the alternative, the Complainant suggests that the subject property could be reclassified as a “C” building which is assessed at \$11.00/sq. ft. and a capitalization rate of 8.5% versus the subject which is classed as a “B” building at a cap rate of 8%. The Complainant asserted that a market-based lease rate of \$13.00/sq. ft., being the average of three 2008 and 2009 leases, would be more appropriate and the assessment would decrease accordingly.

In rebuttal, the Complainant also submitted excerpts from a Municipal Government Board Order (exhibit C2) for the Board’s consideration regarding the use of third-party reports and the best evidence of rental rates.

The Complainant requested that the rent rate be changed to \$13.00/sq. ft. and accordingly, the total assessment would be reduced to \$3,771,000.

POSITION OF THE RESPONDENT

The Respondent asserts that the subject property has been fairly and equitably assessed in relation to similar properties and according to the principles of mass appraisal.

The Respondent addressed the valuation of the subject building by reviewing the suburban office summary report and noting that the subject office area is assessed at a rental rate of \$15.00/sq. ft. This, together with the standard factors for class “B” buildings results in an assessment of \$4,376,000.

The Respondent provided a rent roll for the subject and emphasized three new leases at \$13.50, \$14.00, and \$12.00/sq. ft. in support of the assessed rate of \$15.00 per square foot.

The Respondent provided *Colliers Greater Edmonton Report* (third-party reports) for fourth quarter 2008, and first and second quarters 2009 showing average asking rental rates for 124 Street office properties at \$16.00 to \$18.00 per square foot.

Also brought to the Board’s attention was the vacant space in the subject property where the subject rent roll shows an anticipated rent rate of \$15.00 per square foot.

The Respondent asserted that the rent roll together with the third-party report support the assessed rental rate of \$15.00 per square foot.

Exhibit R1 also included the Respondent’s legal brief.

The Respondent requested that the 2010 assessment be confirmed.

DECISION

The Board’s decision is to reduce the 2010 assessment from \$4,376,000 to \$3,822,000.

REASONS FOR THE DECISION

The Board heard that the subject property, built in 1962, is a bi-level building without an elevator, but with sub-level (below grade) office space and “under building” parking. This convinced the Board the subject is an atypical property and should be assessed at less than the typical rental rate.

The Board finds the best evidence of market rent rates is from the subject’s rent roll referred to by both parties. There were no equity or market comparables provided by either party.

In consideration of the subject’s rent roll as the best evidence of rental rates, in this case the three more recent leases, convinced the Board to reduce the rental rate to the average of the three leases at \$13.17 per square foot.

There were no dissenting reasons.

Dated this twenty-sixth day of October, 2010 A.D., at the City of Edmonton, in the Province of Alberta.

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
 City of Edmonton, Assessment and Taxation Branch
 Solar Court Ltd.