



ASSESSMENT REVIEW BOARD

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Phone: (780) 496-5026

NOTICE OF DECISION NO. 0098 457/11

ALTUS GROUP
17327 106A Avenue
EDMONTON, AB T5S 1M7

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 December 5, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1078070	11460 Jasper Avenue NW	Plan: B3 Block: 14 Lot: 83	\$2,235,500	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
Dale Doan, Board Member
George Zaharia, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Adam Greenough, Altus Group
John Trelford, Altus Group

Persons Appearing on behalf of Respondent:

Ning Zheng, Assessor, City of Edmonton

PRELIMINARY MATTERS

There were no preliminary matters raised with regard to this file.

PROCEDURAL MATTERS

The Board Members indicated that they had no bias with regard to the file. The Parties indicated that they had no objection to the composition of the Board.

BACKGROUND

The subject is a two-storey retail/warehouse facility, built in 1962 and with an effective age of 1984. It is located 11460 Jasper Avenue NW in the Oliver subdivision. It contains 14,776 square feet and the land size is 7,994 square feet. The property was assessed on the income approach for a value of \$2,235,500.

ISSUE(S)

1. Is the rental rate of \$17.50 per square foot applied to main floor space in the 2011 assessment overstated?
2. Is the 14,776 square feet of space assigned to the subject greater than the assessable space?

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

1. The Complainant provided the rent roll for the subject property. The end dates of the leases were from February 1, 2009 to May 1, 2013 and ranged from \$3.16 to \$17.50 square foot triple net. One of the leases was a gross lease of \$15.57 per square foot; however, the Complainant argued that by deducting an operational cost of \$4.50 per square foot that would result in a triple net rate of \$11.07 per square foot. (Exhibit C-1, page 18).
2. The Complainant argued that the space utilized by the City in determining the 2011 assessment was too high. To support this position, the Complainant provided a rent roll

identifying the space for each unit in the subject that totaled 13, 369 square feet rather than the 14,776 square feet used by the City (Exhibit C-1, page 19).

3. The Complainant provided five lease rate comparables with start dates between July 1, 2009 and March 1, 2010 ranging from \$14.70 to \$15.00 per square foot. These leases resulted in an average of \$14.94 per square foot and in a median of \$15.00 per square foot (Exhibit C-1, page 20).
4. The Complainant requested the Board to reduce the 2011 assessment from \$2,235,500 to \$1,796,500 based on a lease rate of \$15 per square foot, and total space of 13,369 square feet (Exhibit C-1, page 13).

POSITION OF THE RESPONDENT

1. The Respondent provided rent roll information obtained from the property owner that indicated main floor space was leased out at \$18.00 per square foot (Exhibit R-1, pages 20 & 21).
2. The Respondent provided four comparable leases of properties from the same area as the subject that showed triple net lease rates at the valuation date ranging from \$19.18 to \$22.85 per square foot (Exhibit R-1, page 28).
3. The Respondent provided the following comment regarding the square footage used for assessment purposes: "The size the City applied for the calculation of the 2011 assessment is based on the cost file which was produced from the original development plan. City applies 95% of the gross area to value the retail properties across the whole city" (Exhibit R-1, page 29). To support this statement the Respondent submitted a copy of the cost file associated with the subject (Exhibit R-1, page 27).
4. The respondent requested the Board to confirm the 2011 assessment at \$2,235,500.

DECISION

The decision of the Board is to confirm the 2011 assessment at \$2,235,500.

REASONS FOR THE DECISION

1. The Board placed less weight on the Complainant's lease comparables since the ages of the comparables showed as 1958 and 1962, and although the original year built of the subject is 1962, it has an effective age of 1984.
2. The Board placed less weight on the rent roll information provided by the Complainant since three of the four main floor lease rates were for terms that expired prior to the valuation date. For the fourth lease rate, the Complainant's monthly income of \$1,525.33 per month (Exhibit C-1, page 18) was inconsistent with the \$1,716 per month supplied by the property owner to the Respondent (Exhibit R-1, page 21).

3. The Board placed greater weight on the rent roll information provided by the Respondent which showed main floor rent as being \$18.00 per square foot, supporting the assessment rate of \$17.50 per square foot.
4. The Board does not agree with the Complainant's argument that the assessed space was overstated. The Complainant demonstrated that his reduced assessed space was based on the actual leased space which is in fact confirmed by the Respondent. However, the Respondent stated that in order to arrive at assessable space for all retail properties across the city, the City applies 95% of the main floor gross area to arrive at the assessable space.
5. The Board is persuaded that the 2011 assessment of the subject property at \$2,235,500 is fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 20th day of December 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, 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, RSA 2000, c M-26.

cc: STROMIGA INC.