

NOTICE OF DECISION NO. 0098 56/12

Canadian Valuation Group
1200-10665 Jasper Avenue NW
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 July 3, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1707694	6903 172 St. NW	Plan: 7922454 Block: 4 Lot: 64	\$3,492,500	Annual New	2012

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: WOODPECKER DEVELOPMENTS LTD

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 001711

Assessment Roll Number: 1707694
Municipal Address: 6903 172 Street NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

Canadian Valuation Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Patricia Mowbrey, Presiding Officer
Brian Frost, Board Member
Reg Pointe, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members indicated that they had no bias in the matter before them.

Background

[2] The subject property is located at 6903 172 Street NW. It is a multi-tenant retail building containing a total of 13,436 square feet and was built in 1991. Its effective age is 1991. The lot comprises 40,640 square feet and is located in the Callingwood North neighborhood.

Issues

- [3] Is the 2012 assessment of the subject property correct?
- a) Is the capitalization rate appropriate?

Legislation

[4] The *Municipal Government Act* reads:

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

[5] The Complainant's position is that the assessment is incorrect because the City has applied an inappropriate capitalization rate to the subject property.

[6] The Complainant presented a sales chart with seven comparable capitalization rates (C-1, pgs 1 and 2) and noted that sales #1, #2, #6 and #7 were considered most comparable due to age, condition, size and location. The sales indicated capitalization rates that ranged from 8.17% to 8.88% and averaged 8.60%. In view of this, the Complainant suggested that an 8.50% capitalization rate would be appropriate.

[7] The result of applying an 8.50% capitalization rate to the Respondent's net operating income of \$279,413 indicates a value of \$3,287,000.

[8] The Complainant requested that the 2012 assessment be reduced to \$3,287,000.

Position of the Respondent

[9] The Respondent's position is that the 2012 assessment is correct.

[10] The Respondent presented seven equity comparables for retail plaza properties (R-1, pg 18) all of which were built within 13 years of the subject and five of which utilized a capitalization rate of 8.00%. Two comparables located on 170 Street utilized a 7.0% capitalization rate because of increased exposure, but the Respondent emphasized that an 8.00% capitalization rate is considered typical for the area.

[11] The Respondent stated that because of its exposure, traffic volume and availability of parking space, the subject property meets all of the requirements for a typical capitalization rate to be applied. In view of this, the Respondent stated that the typical capitalization rate of 8.00% is equitable for the subject property.

[12] The Respondent agreed that, in terms of size, the Complainant's sales comparables #1 and #2 are very similar to the subject. The Respondent advised, however, that sale #6, at 88,820 sq ft, was substantially larger than the subject and therefore is not a good comparable. The Respondent also noted that the Network Sales Data information for the Complainant's comparable #7 was different from the Anderson Sales Data information, which brought into question the capitalization rate evidenced for the Complainant's comparable #7 (R-1, pg 22).

[13] The Respondent requested that the Board confirm the 2012 assessment for the subject property.

Decision

[14] It is the decision of the Board to reduce the 2012 assessment for the subject property from \$3,492,500 to \$3,287,000.

Reasons for the Decision

[15] The Board reviewed and considered the Complainant's evidence (C-1) and the Respondent's evidence (R-1).

[16] The Board notes that the Complainant's sales comparables #1 and #2, at 15,033 and 20,500 square feet respectively, are similar in size to the 13,436 square foot subject property (C-1, pg 1). The capitalization rates for sales #1 and #2 are 8.74% and 8.61% respectively, which supports the Complainant's requested capitalization rate of 8.50%.

[17] The Board also notes that the Complainant and the Respondent were in agreement that sales #1 and #2 were the best comparables presented by the Complainant, and therefore the Board placed greatest weight on these comparables to support the Complainant's request that the capitalization rate be 8.50%.

[18] The Board finds that the reduced 2012 assessment of \$3,287,000 is correct, fair and equitable.

Dissenting Opinion

[19] There was no dissenting opinion.

Heard commencing July 3rd, 2012.

Dated this 10th day of July, 2012, at the City of Edmonton, Alberta.

Patricia Mowbrey, Presiding Officer

Appearances:

Tom Janzen, Canadian Valuation Group
for the Complainant

Ryan Heit, Assessor, City of Edmonton
Tim Dueck, Assessor, City of Edmonton
for the Respondent