



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 578/10

Altus Group Ltd
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 November 17, 2010 respecting a complaint for:

Roll Number 8954646	Municipal Address 9503 34 Avenue NW	Legal Description Plan: 7821552 Block: 5 Lot: 7
Assessed Value \$2,009,000	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Tom Robert, Presiding Officer
Tom Eapen, Board Member
John Braim, Board Member

Board Officers:

V. Paniak, Manager ARB
J. Halicki

Persons Appearing: Complainant

Chris Buchanan, Agent
Altus Group Ltd.

Persons Appearing: Respondent

Peter Bubula, Assessor
Assessment and Taxation Branch

Observer:

Jordan Thachuk, Altus Group Ltd.

PROCEDURAL MATTERS

The parties expressed no objection as to the composition of the CARB; Board Members expressed no bias toward this or any of the other accounts appearing on the agenda. The parties providing evidence were sworn-in.

BACKGROUND

The subject property is a retail building with a gross main area of 8,436 ft² and an upper/mezzanine floor area of 2,376 ft² of office space. This building was originally built in 1980 and was renovated in 2006/07. The 2010 assessment for the subject property is \$2,009,000. The address of the subject property is 9503 – 34 Avenue NW and it is currently used as an automobile dealership.

ISSUE

Has the Respondent incorrectly applied a rental rate of \$7.50/ft² to the mezzanine area of 2,376 ft²?

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 argued that the leases analyzed indicate that mezzanine spaces typically do not generate any revenue. The Respondent has used a rate of \$7.50/ft² for the upper mezzanine area which is typical for the mezzanine floor space. The Complainant has maintained that there are no doors or separate entrances to the subject to lease mezzanine area to a third party and increase the revenue. For that reason, the rent should be captured with the value of the main floor rent. If this has a value, as the City assessed, then it has been counted twice. The Complainant requested the rent for the mezzanine space of 2,376 ft² be reduced to a nominal rental rate of \$1.00/ft² from its currently assessed value of \$7.50/ft². The Complainant requested a total value of \$1,839,500.

POSITION OF THE RESPONDENT

The subject property comprises a retail building with 8,436 ft² of main floor area and an upper floor area of 2,376 ft² which is used as office space. The building has a total leasable area of 10,812 ft² and was extensively renovated in 2006/07 after it was sold. The value of the subject property was derived using the income approach for a total assessment of \$2,009,000.

The Respondent claimed that the Complainant had not provided sufficient market information to indicate the upper floor area of the subject building did not generate revenue and should be adjusted to \$1.00/ft².

The Respondent argued that the leases analyzed by the Complainant for: grocery stores, big box retailers, power centres, or shopping centre properties were not comparable/similar to the subject property which comprises fully finished office space.

The Respondent provided several Board decisions pertaining to mezzanine spaces which indicate that although these spaces are not specifically identified within lease documents, this does not mean the space has no value. The owner used this space as their offices to conduct business.

The Respondent also provided equity comparables showing other similar buildings are assessed the same way as the subject property. The building owner has also indicated in the 2009 RFI return that the gross building size is 10,812 ft². This clearly indicates the upper floor area has additional value.

DECISION

The decision of the Board is to confirm the 2010 assessment for the year 2010 at \$2,009,000.

REASONS FOR THE DECISION

The 2009 RFI return from the owner indicated a gross area of 10,812 ft². The subject building underwent an extensive renovation in 2006/07 after the new owner had taken possession. Currently, the space is used as the office area for the business.

The Complainant has not provided sufficient market information to compare the mezzanine floor which has no value and does not generate revenue.

The Board is of the opinion that the comparables, like grocery stores, big box retailers, power or shopping centres are not the right comparables in relation to the subject property.

Given the evidence provided by the Complainant and the Respondent, the Board concludes the 2010 assessment for the subject property is fair and equitable at \$2,009,000.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this twenty-second day of November, 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
1241311 Alberta Ltd.