



## ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL  
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### NOTICE OF DECISION NO. 0098 579/10

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:

<b>Roll Number</b> 2079903	<b>Municipal Address</b> 14209 Stony Plain Road NW	<b>Legal Description</b> Plan: 4832AH Block: E Lot: 15
<b>Assessed Value</b> \$532,000	<b>Assessment Type</b> Annual New	<b>Assessment Notice for:</b> 2010

#### Before:

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

#### Board Officer:

V. Paniak, Manager  
Assessment Review Board

#### 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 were reminded they were still under oath or affirmation.

## **PRELIMINARY MATTERS**

The Respondent raised a preliminary issue in that the building size was not identified on the original complaint form, but was an issue in the Complainant's Disclosure Document (C1, pg. 10, #4).

The Board recessed and considered the issue. The Board concluded, although not specific, there was sufficient disclosure as exhibited by section #14 of "Issues and Grounds" attached to the complaint form, wherein it refers to "incorrectly classified/allocated areas to a category that results in an inflated potential gross income." The Board informed the Complainant and the Respondent the evidence would be admissible.

## **BACKGROUND**

Located in the Grovenor neighbourhood, the subject property is a two-storey retail structure built in/effective age of 1949. It contains a gross building area of 5,625 ft<sup>2</sup> situated on a parcel of land extending to 5,171 ft<sup>2</sup>. The main floor has a net leasable area of 2,672 ft<sup>2</sup> and the upper floor approximately 2,531 ft<sup>2</sup> which is demised into four residential suites. It has been assessed as if in average condition and the assessment derived by using the income approach to value.

## **ISSUE**

Is the 2010 assessment of the subject property is in excess of its market value?

## **LEGISLATION**

***The Matters Relating To Assessment Complaints Regulation AR 310/2009*** states:

s. 9(1) A composite assessment review board must not hear any matter in support of an issue that is not identified on the complaint form.

***The Municipal Government Act, R.S.A. 2000, c. M-26*** states:

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 maintained the lease rates for the two levels are too high and the Respondent has used an incorrect size for the main floor net leasable area. The Complainant provided a brief with evidence stating the main floor had been unoccupied for the past two years.

The Complainant provided details (C1, pg. 26) of a recent lease of a building (14215 & 14219 Stony Plain Road) west of the subject property. It is a one-storey retail building. The lease was for a five year term and commenced February 15, 2009 for 5,280 ft<sup>2</sup> at \$3,500 per month plus \$300 operating costs. This equates to a rate of \$7.95/ft<sup>2</sup> for the main floor space.

The Complainant also provided in Appendix (C1, pg. 18 onwards) indicating that the main floor area extended to 2,762 ft<sup>2</sup> and had previously been leased for \$15,000 per annum that equates to a unit rate of \$5.61/ft<sup>2</sup>. The second floor comprises four residential suites, each being 633 ft<sup>2</sup>. This provides a net leasable area of 2,532 ft<sup>2</sup> with an annual rent of \$19,500 that equates to a unit rate of \$5.01/ft<sup>2</sup>.

The Complainant stated a fair rate for the main floor space is \$8.00/ft<sup>2</sup> and \$5.00/ft<sup>2</sup> for the second floor space. The Complainant also provided evidence (C1, pgs. 25;27-29) that the Respondent used varying capitalization rates (cap rates) for income producing properties in different conditions.

A reduction in the 2010 assessment from \$532,500 to \$214,500 was requested based on a reduction in the main floor lease rate to \$8.00/ft<sup>2</sup> and an upper floor lease rate reduced to \$5.00/ft<sup>2</sup>. Applying a cap rate of 8.5% would result in an assessment of \$214,400.

## **POSITION OF THE RESPONDENT**

The Respondent took the position that the assessment has been properly prepared, using the income approach to value, and noted the subject property was in average condition for its age. The interior of the property had been inspected on October 8, 2010. The Respondent provided a rent roll return from the owner indicating the main floor was occupied in March 2008 and another one to show it was vacant as at March 2009.

The Respondent provided a comparable equity rent chart (R1, pg. 36) of eight properties indicating rents on Stony Plain Road between 126 Street and 159 Street. The main floor commercial space ranged from \$12.25/ft<sup>2</sup> and \$15.00/ft<sup>2</sup> whereas the second floor office/apartments ranged from \$6.00/ft<sup>2</sup> to \$8.00/ft<sup>2</sup>. The Respondent also provided an equity assessment chart (R1, pg. 37) using the same properties as on the other chart. The assessments varied from \$99.02/ft<sup>2</sup> to \$161.70/ft<sup>2</sup>.

In both charts, the comparable properties were two-storey properties with main floor retail, similar to the subject. They were mainly smaller than the subject, ranging from 1,308 ft<sup>2</sup> to 10,124 ft<sup>2</sup> and built between 1945 and 1973 compared to the subject built in 1949. All were reported to be in average condition, and all had been assessed utilizing an 8.5% cap rate, the same as the subject.

## **DECISION**

The decision of the Board is to reduce the 2010 assessment of the subject property from \$532,500 to \$355,000.

## **REASONS FOR THE DECISION**

1. Although the Complainant only provided one lease comparable (C1, pg. 26), the Board placed considerable weight on this information as it is located very close to the subject property and was leased effectively from February 15, 2010 for a 5 year term for \$7.95/ft<sup>2</sup> plus a \$300/month contribution to operating costs. The Board considered the combination of the date and location of this property lease to be very indicative of the lease rate for the subject's main floor.
2. Having regard to the main floor lease rate, the Board is of the opinion the upper level lease rate should also be reduced proportionately from \$7.25/ft<sup>2</sup> to \$5.00/ft<sup>2</sup>.

## **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.

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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.*

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CC: Municipal Government Board  
City of Edmonton, Assessment and Taxation Branch  
Alldritt Land Corp.