



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
EDMONTON AB T5J 2R7
(780) 496-5026 FAX (780) 496-8199

NOTICE OF DECISION NO. 0098 582/10

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 16, 2010 respecting a complaint for:

Roll Number 9947940	Municipal Address 8625 109 St. NW	Legal Description Plan: 3901AJ Block: 186 Lot: 17, etc.
Assessed Value \$3,395,000	Assessment Type Annual New	Assessment Notice for: 2010

Before:

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

Board Officer:

J. Halicki

Persons Appearing: Complainant

Anthony Patenaude, Agent
Altus Group Ltd.

Persons Appearing: Respondent

Peter Bubula, Assessor
Ryan Heit, Assessor

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 two storey retail building located in the Garneau neighbourhood. The building consists of 27,380 ft² situated on 12,509 ft² of land. The building was constructed in 1957 with an effective age (year) of 1982.

ISSUES

Is the subject property assessed fairly and equitably with similar properties?

In particular, is the capitalization rate of 7.50% correct?

Should the vacancy shortfall include the basement area and be adjusted from 925 ft² to 2,455 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 presented a total of six comparables (five, two-storey; one, one-storey) of retail buildings indicating an average capitalization rate of 8.50%. Further, the Complainant argued that the vacancy shortfall should be applied to that portion of the basement space as it incurs the same expenses as the upper areas. The Complainant suggested the most comparable properties, both located on 109 Street, are similar to the subject in terms of: upper rent rates, CRU rates, and ages, and should receive similar capitalization rates (8.5% or 9.0%). The requested value based on a vacancy shortfall of 11,047 ft² and a capitalization rate of 8.50% is \$2,914,500.

POSITION OF THE RESPONDENT

The Respondent presented five assessment comparables ranging in value per square foot from \$167.83 to \$264.30 with sizes ranging from 8,222ft² to 22,231 ft² (subject at 18,500 ft²). The Respondent argues the subject falls well within the range of these comparable properties.

Further, the Respondent provided five equity rents for these same equity comparables indicating main rents per square foot from \$17.50 to \$24.75 and upper rents per square foot from \$8.75 to \$18.00 all with a 7.50% capitalization rate similar to the subject. The Respondent put forward

that comparable #1 is next door to the subject and has a 7.5% capitalization rate applied with main floor rents of \$23.00/ft² and office main at \$23.00/ft².

DECISION

The decision of the Board is to confirm the 2010 total assessment at \$3,395,000.

REASONS FOR THE DECISION

The Board is of the opinion that the equity comparables presented by the Respondent support the current assessment. The Board is of the view that comparables #1 and #2 (R1, pgs. 26-27) are close to the subject in terms of location and similar in age and value per square foot (rounded) at \$167.00 to \$273.00; subject at \$183.00.

The Board reviewed the specific issues of capitalization rates and vacancy shortfall. The capitalization rate applied to the subject of 7.5% is the same as the rate applied to comparables #1 and #2 which appear to be the best comparables.

In regard to the vacancy shortfall, the Board is in agreement with the Complainant that the basement portion, as indicated, should receive consideration. However, when adjusting for vacancy shortfall, the value indicated would be somewhat insignificant to the total value of the property. In view of the past Board's decisions of not altering an assessment which falls within five percent, the Board will confirm the value at \$3,395,000.

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
TRS Holdings Ltd.