



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 582/11

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 14, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4295911	13006 50 Street NW	Plan: 9522465 Block: 9 Lot: 4	\$2,136,000	Annual New	2011

Before:

Dean Sanduga, Presiding Officer
Petra Hagemann, Board Member
Taras Luciw, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Walid Melhem, Altus Group

Persons Appearing on behalf of Respondent:

Ning Zheng, Assessor, City of Edmonton

PROCEDURAL MATTERS

The Board Members indicated that they had no bias with regard to the matter before them. The parties indicated that they had no objection to the composition of the Board.

BACKGROUND

The subject property is a restaurant located at municipal address 13006-50 street NW in the Kennedale Industrial subdivision in the City of Edmonton and was constructed in 1996. The property is a standalone single building of 5,839 square feet, main floor, on a lot of 47,387 square feet. The property was assessed on the income approach, and the 2011 assessment is \$2,136,000.

ISSUE(S)

There were numerous issues listed in exhibit C-1, pg 3, however only the following issues were addressed during the hearing:

1. Is the Rental rate too high?
2. Is the leasable area 5,500 sq. ft.?
3. Is the excess land value too high?

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

The Complainant submitted written evidence in the form of an appeal brief containing 44 pages that was entered as exhibit C-1.

The Complainant provided eight market lease rate (rent) comparables, on eight restaurant locations, ranging from \$17.00 to \$22.00 per square foot (C-1, page 19). The average of these rents was \$20.69 and the median \$21.50 per square foot compared to the subject's assessment of \$30.00 per square foot.

The subject's Rent Roll (C-1, pg 18) was provided, stating that the total occupied area is 5,500 square feet. The Respondent based the assessment on 5,839 square feet.

The Complainant accepted the Respondent's recommendation to reduce the assessment on the excess land to \$0.00.

POSITION OF THE RESPONDENT

The Respondent presented written evidence (R-1) and argument for the Board's review and consideration.

An Income Detail Report was submitted (R-1, page 19) wherein main floor rent of \$30 per square foot and excess land value of \$119,466, together with a capitalization rate of 8%, were shown as the basis for the current assessment of \$2,136,000.

The Respondent provided Comparable Equity Rents for six comparable properties (R-1, page 24). All eight properties are occupied by restaurants and are assessed at \$30.00 per square foot.

The Respondent presented the Board with a drawing of the subject's foot print (R-1, pg 25). The Respondent advised the Board that 95% of the gross area of a commercial property is considered as leasable area and assessed accordingly. Based on this premise 5,839 square feet is the leasable area of the subject.

The rental rates and leasable area support the subject's current assessment. The Respondent requested that the 2011 assessment based on the removal of the assessment of the excess land be revised to \$2,016,00.

DECISION

The decision of the Board is to reduce the 2011 assessment of the subject property from \$2,136,000 to \$2,016,000.

REASONS FOR THE DECISION

The Board examined the Complainant's comparable restaurant leases and found them to be dissimilar to the subject as the subject is a standalone restaurant whereas the comparables are CRU locations.

The Board was persuaded by the Respondent's evidence (R-1, pg 14) that the subject leasable area is based on 95% of gross main floor area which is 5,839 square feet.

The Board is of the opinion that the Complainant failed to provide sufficient supporting evidence to alter the leasable area of the subject.

The Board accepts the Respondent recommendation to reduce the excess land value from \$119,466 to \$0.00.

DISSENTING OPINION AND REASONS

None

Dated this 21st day of December, 2011, at the City of Edmonton, in the Province of Alberta.

Dean Sanduga, 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: SPRINGWOOD DEVELOPMENTS INC