



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 0098 605/10

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 15, 2010 respecting a complaint for:

Roll Number 3773587	Municipal Address 3451 Calgary Trail NW	Legal Description Plan: 9122235 Block: 38 Lot: 1A
Assessed Value \$6,770,000	Assessment Type Annual – New	Assessment Notice for: 2010

Before:

Darryl Trueman, Presiding Officer
Terri Mann, Board Member
Brian Frost, Board Member

Board Officer:

Karin Lauderdale

Persons Appearing: Complainant

Steven Cook

Persons Appearing: Respondent

Tony Mah, Assessor
Tanya Smith, Law Branch

PROCEDURAL MATTERS

The parties indicated no objection to the composition of the Board. At a previous hearing regarding related appeals and involving the same parties the Presiding Officer advised that he and the person appearing on behalf of the Complainant had formerly served at the same time as appointees to the Municipal Government Board. Neither the Presiding Officer nor either of the parties felt that this suggested a conflict or bias for the purpose of this hearing.

The oath was administered, and/or the witnesses remained under oath from previous hearings with respect to the evidence they were to provide.

BACKGROUND

The subject is a single tenant building comprising 35,000 square foot of retail space on an interior site fronting Calgary Trail. It is located in a power centre.

ISSUES

The Complainant initially delineated 11 issues (R-1 p.7). However, at the hearing, the Complainant presented evidence on a singular issue, being the rental rate applied to the subject property.

LEGISLATION

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

s.289(2) *Each assessment must reflect*

(a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and

(b) the valuation and other standards set out in the regulations for that property.

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

It is the Complainant's position that the assessment is neither fair nor equitable. In particular, the Complainant submits that the \$16.50 per sq. ft. lease rate applied by the City of Edmonton to the leaseable area is excessive.

The Complainant provided 15 market lease rate comparables. The data included the respective addresses and net leasable area. The average lease rate per sq. ft. was \$13.61 which supported a reduction in the assessment (C-1 p.12).

The Complainant also provided 11 equity rental rate comparables (C-1 p.13), the average of which was \$13.45 per sq. ft. supporting a reduction in the assessment to the requested reduced rental rate of \$14.25 per sq. ft.

Lastly, the Complainant provided an equity comparable, being the property located at 10340-34 Avenue, located directly south of the subject, which was assessed at \$11.00 per sq. ft.

The Complainant requests a revision to the 2010 subject assessment to \$5,836,000 based on a \$14.25 per sq. ft. market rent applied to the Junior Anchor area (C-1 p.16).

POSITION OF THE RESPONDENT

It is the Respondent's position that the assessment is both fair and equitable. The Respondent provided data on the Complainant's market rent comparables, including addresses, size, effective and expiry date of the respective leases (R-1 p.10). This data included the 2010 assessments of these properties, for which rents ranged from \$11.00 - \$16.50 per sq. ft.

The Respondent provided 18 market rent comparables, all junior anchor properties located in the south, north and west quadrant of the City of Edmonton. The information detailed the size of the properties, as well as the effective and expiry date of their leases. The average net rent per square foot of leases pertaining to southside properties, 2007 – 2009, was \$16.98, supporting the assessment.

The Respondent also included 10 equity comparables, which listed anchor junior properties in the south side of the city of Edmonton, similar to the size of the subject. The 2010 assessments of these properties ranged from \$11.00 - \$16.50 per sq. ft.

Finally, the Respondent provided CREER 2009, a Colliers Real Estate Review report which indicated that rental rates for big boxes were in the range of \$16.00 - \$22.00 per sq. ft. (R-1 p.15).

A tenant rent roll for the subject was provided as well as that for a neighboring tenant, Homesense. The Homesense base rent was \$11.50 per sq. ft. with an occupancy date of 2003, while the Future Shop tenant (the subject) had a base rent of \$12.65 per sq. ft. and an occupancy date of 1995 (R-1 p.15).

DECISION

The decision of the Board is to confirm the 2010 assessment.

REASONS FOR THE DECISION

- The Board was persuaded by the Respondent's lease rate comparables. The Respondent provided 18 lease rate comparables which ranged from \$11.50 per square foot to \$23.00 per square foot and averaged \$16.88 per square foot on a city-wide basis. For those leases with 2007 – 2009 effective dates, the south average was \$16.98 per square foot, supporting the \$16.50 per sq. ft. lease rate used in the assessment.

- The Complainant provided 15 lease rate comparables. The Respondent provided an analysis of the Complainant's comparables, further stratified as to date of the lease, actual rate used in the assessment for the comparable property and the size range of each comparable. The Board as well noted that the lease rate used in the assessments of the Complainant's south side comparables supported the lease rates used for the assessment of the subject. Further, the most recent of the Complainant's lease rate comparables were post-facto (September 2009) and the remaining lease rate comparables ranged from \$11.00 to \$16.50 per square foot, with effective dates largely 3 – 6 years old.
- The Board reviewed the Complainant's neighboring equity comparable, located next door at 10340-34th Avenue and which was assessed using an \$11.00 per square foot rental rate. However, the Board did not find that this singular comparable, particularly in the absence of further information to establish comparability, was sufficient evidence to persuade the Board that the lease rate of \$16.50 per square foot applied in the assessment was incorrect.

Dated this 10th day of December, 2010, 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
Canadian Property Holdings (Alberta) Inc.