



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 607/11

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:
4229993	5017 127 Avenue NW	Plan: 9422302 Block: 1 Lot: 2	\$3,757,000	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

## **PRELIMINARY 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 one storey retail/wholesale building constructed in 1978 and located at municipal address 5017-127 Avenue NW in the Kennedale Industrial subdivision in the City of Edmonton. The size of the property is 27,323 square feet, main floor only, on a lot of 158,277 square feet with an 18% site coverage. The property was assessed on the income approach, and the 2011 assessment is \$3,757,000.

## **ISSUE(S)**

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

1. Is the assessment rate applied by the City for excess land higher than market value?
2. Is the 2011 assessment rate higher than market value?

## **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 50 pages and was entered as exhibit C-1, and 8 page rebuttal entered as exhibit C-2.

The Complainant provided a current city Proforma noting a rental value of \$9.50 per square foot and excess land value of \$963,620 (C-1 pg 11) and requested a rental assessment reduction to \$7.00 per square foot and excess land value to \$666,201 (C-1 pg 12).

Five excess land value comparables in northeast Edmonton were provided, ranging from \$12.70 to \$19.27 per square foot (C-1, page 13). The average excess land value was \$14.61 and the median was \$13.65 per square foot compared to the subject's excess land value of \$19.53 per square foot.

The Complainant provided 3 assessment equity comparisons(C-1, pg 14) ranging from \$81.43 to \$103.48 per square foot. The subject is assessed at \$137.96 per square foot. The Complainant requested the Board to reduce the 2011 assessment of the subject to \$ 90.00 per square foot or \$2,450,886.

### **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 26) wherein main floor rent of \$9.50 per square foot and excess land value at \$963,620, together with a capitalization rate of 8.5%, were shown as the basis for the current assessment of \$3,757,000.

The Respondent provided 6 comparable commercial land sales (R-1, page 31). Five of the six properties are located in southeast quadrant of the City, while one is located in the northeast similar to the subject. The Respondent stated that comparables average land value range from \$19.10 to \$32.90 per square foot whereas the subject is assessed at \$19.53 per square foot.

The Respondent provided equity lease rate comparables (R-1 pg 33) ranging from \$14.50 to \$11.25 per square foot compared to the subject's assessment of \$9.50 per square foot. The Respondent submitted market lease rate comparables (R-1 pg 32) ranging from \$9.50 to \$12.96 per square foot whereas the subject lease rate is assessed at \$9.50 per square foot.

The Respondent provided a detailed argument disputing the Complainant's evidence on lease rates, land sales and assessment equity approach. (R-1 pg 41) and requested the Board revise the excess land value only from \$963,620 to \$666,201.

The Respondent requested that the 2011 assessment be reduced to \$3,459,500.

### **DECISION**

The decision of the Board is to reduce the subject 2011 assessment from \$3,757,000 to \$2,714,000.

### **REASONS FOR THE DECISION**

Excess land: The Board is convinced by the Complainant's excess land value comparables (C-1 pg 13) averaging \$13.50 per square foot. The comparables are similar to the subject in size, location and zoning.

The Board gave less weight to the Respondent's excess land comparables (R-1 pg 31) as they are located in a south east Edmonton whereas the subject is located in north east Edmonton.

Rental rate: The Board is persuaded by the Complainant's rental rate comparables (C-1 pg 29, 30) as they are similar to the subject in size, location and zoning. The Respondent's 6 rental rates

comparables (R-1 pg 32) are dissimilar to the subject in location as 5 are located in a superior south east and one is located in the west end of the city of Edmonton.

The Board also accepts the Respondent's recommendation to amend the excess land value from \$963,620 to \$666,202.

**DISSENTING OPINION AND REASONS**

None

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

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Dean Sanduga, Presiding Officer

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*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.*

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cc: 671683 ALBERTA LTD