



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION 0098 610/10

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 22, 2010 respecting a complaint for:

Roll Number 3194115	Municipal Address 12703 97 Street NW	Legal Description Plan: 3907AH Block: 8 Lots: 1-4
Assessed Value \$3,549,000	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

Chris Buchanan, Agent
Altus Group Ltd.

Persons Appearing: Respondent

John Ball, Assessor
Rebecca Ratti, Solicitor

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 placed under oath/affirmation.

PRELIMINARY MATTERS

The Respondent raised under s.9(1) *Matters Relating To Assessment Complaints Regulation AR 310/2009* (“MRAC”) an objection to the Complainant’s issue as to whether or not the parking lot (under separate roll number) of the subject property was double assessed, noting that it had not been disclosed, as such, on the complaint form. Further, it had been heard separately on July 12, 2010.

In defence, the Complainant stated that this issue was included as part of the market value component (encompassing whether or not the subject property’s assessment was excessive) on the Schedule of Issues (R1/C1, pg. 3) and was also listed on the Executive Summary (R1/C1, pg. 5).

The Board ruled that since the roll number was separate from the current roll under complaint, the Board would not hear this issue as per s.9 (1) MRAC.

BACKGROUND

The subject property, located in the Killarney subdivision, is a bank built in 1987 with an effective year built of 1997, being approximately 8,100 ft² in size and situated on 14,670 ft² of land (56% site coverage). The net leasable area used for assessment is 7,694 ft² (approximately 95% of 8,100 ft²).

ISSUES

1. What is the appropriate capitalization rate to be applied on the subject property?
2. What is the market lease rate of the subject property?
3. Is the subject property assessed fairly and equitably with similar properties?

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 presented a capitalization and lease rate analysis showing the average of the 21 assessment comparables was \$27.00/ft². The indicated capitalization rate average is 7.72%. The subject's cap rate is 7.0%.

Further, the Complainant's Capitalization Rate Review of 97 Street retail outlets indicate a net leasable area average of 40,053 ft² and an average cap rate of 8.11%. The median area, 8,518 ft² is close to the subject at 7,695 ft² and the median cap rate is 8.0%.

The Complainant also provided an equity report consisting of 22 bank/trust properties from various areas of Edmonton. The average assessment per square foot was \$351.70 with an average site coverage of 19% (C1, pg. 23).

The Complainant argued that an 8.0% capitalization and a lease rate of \$27.00/ft² for the subject are supported by the evidence provided. The requested total value is \$2,381,000.

POSITION OF THE RESPONDENT

The Respondent submitted a review of contract rents of 13 properties ranging in area from 4,692 to 6,096 square feet with leases effective from December 2006 to June 2009 and expiring between June 2013 and December 2017 (R3, pg. 25). The net rents ranged from \$30.00 to \$41.36 per square foot with an average of \$35.49. The Respondent indicates that the specific locations could not be revealed due to *Freedom of Information and Protection of Privacy Act* (FOIP) issues.

The Respondent further provided nine bank equity comparables indicating \$35.00/ft² as the assessed rate for all (R3, pg. 32). The nine equity comparables were from various areas of Edmonton.

DECISION

The decision of the Board is to reduce the 2010 assessment from \$3,549,000 to \$3,105,000 (rounded).

REASONS FOR THE DECISION

The Board is of the opinion, after reviewing all the evidence, that the appropriate capitalization rate is 8.0%. The Complainant's evidence indicates cap rates for bank properties, particularly on 97 Street, similar to the subject, are at an average of 8.0%. This is further supported by the comparables of retail properties on 97 Street which also are all at an 8.0% capitalization rate, or higher.

The lease rate of \$35.00/ft² as indicated on the Respondent's equity comparables would appear to support the \$35.00/ft² used in the subject's assessment particularly on comparables #3 and #4 (R3, pg. 32) which are both on 97 Street and are similar in age, size, and location.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this tenth day of December, 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
CU Real Property (4) Ltd.
CU (4) GP Inc.