



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 623/10

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 30, 2010 respecting a complaint for:

Roll Number 3398500	Municipal Address 11215 104 Avenue NW	Legal Description Plan: 1282RS Block: 14D Lot: 1
Assessed Value \$11,279,000	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

Allison Cossey, Assessor
Assessment and Taxation Branch

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/affirmed.

BACKGROUND

The subject property, constructed in 1989/1990 and known as the Longstreet Shopping Centre, is located in the Oliver subdivision. The property consists of seven, one-storey buildings with a total square footage of approximately 41,795 ft² situated on 148,479 ft² of land.

The Respondent put forward a recommendation to reduce the value to \$10,909,500 based on a reduction in the automotive service centre main rent from \$26.75/ft² to \$22.00/ft² for buildings #5 and #6.

ISSUES

1. What is the market value of the subject property?
2. Is the vacancy shortfall calculation based on the income approach correct?
3. What is the correct vacancy calculation for building #5?
4. Is the capitalization rate in place fair and equitable with similar properties?

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 ten assessment rental comparables of auto service space from various locations in Edmonton. These ranged from \$12.00/ft² to \$15.50/ft² and stated the years built ranged from 1953 to 2000. The requested value for the spaces in buildings #5 and #6 is \$15.00/ft².

Further the Complainant indicated that the actual lease rate of \$15.00/ft² was in place in the subject since 2007.

The Complainant argued that the vacancy shortfall should be corrected on all seven buildings of the subject property.

The Complainant further argued that the vacancy allowance on the entire basement area for building #5 should be applied indicating a correct value of \$681 in place of the current \$292.

The issue of capitalization rates was put forward based on 12 comparables from various retail locations in the central area of Edmonton. The assessment comparables ranged from 7.50% to 8.50% (average of 8.08%). The requested capitalization rate is 8.00% for the subject.

POSITION OF THE RESPONDENT

The Respondent recommended that the auto service space in buildings #5 and #6 be reduced from \$26.75/ft² to \$22.00/ft².

Further, the Respondent presented a sale of a shopping centre located at 11204 – 104 Avenue (across the street from the subject) indicating a sale price per square foot of \$368.00 with a capitalization rate of 6.31%. The sale took place in January 2007. The Respondent argued that this sale well supports the current assessed value of the subject (after recommendation) of \$261.14/ft². The comparable is very similar in size, location, and age to the subject.

Furthermore, the Respondent presented four equity rent comparables for retail plaza properties from various locations in Edmonton. These indicated rental main floor rates of \$23.00/ft². This is the same as the subject with capitalization rates of 7.50% for all four comparables. This too is the same as the subject.

The Respondent argued that it is not the method of valuation, but market value of the subject property that was to be determined.

DECISION

The decision of the Board is to reduce the total 2010 assessment from \$11,279,000 to \$10,271,000 (rounded).

REASONS FOR THE DECISION

The Board is of the opinion that the vacancy shortfall calculation and basement vacancy on building #5 should be corrected. Both parties agree with the calculations as submitted by the Complainant.

In regard to the issue of market rental rates, the Board is of the view that the recommended values on the auto service centres, as presented by the Respondent, falls within an acceptable range of values as indicated in the overall comparables presented by the Respondent on the five plaza type properties. Furthermore, the main floor rental rate of \$23.00/ft² supports the current values used in arriving at the current assessment.

The Board was influenced by the sale of the property across the street from the subject. The overall value per square foot supports the current assessment of the subject and the indicated capitalization rate, although lower than the subject's at 6.31% occurred in 2007, and would require an adjustment.

The comparables of plaza retail properties presented by the Respondent all indicate a 7.50% capitalization rate – the same as the subject.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this fourteenth 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
Securfund Edmonton Corp.