



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 743/11

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 on January 24, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4276564	17109 109 Avenue NW	Plan: 9522193 Block: 2 Lot: 8	\$3,802,000	Annual New	2011

#### Before:

Robert Mowbrey, Presiding Officer  
John Braim, Board Member  
Tom Eapen, Board Member

#### Board Officer:

Annet Adetunji

#### Persons Appearing on behalf of Complainant:

John Trelford, Altus Group Ltd

#### Persons Appearing on behalf of Respondent:

Peter Bubula, Assessor, City of Edmonton  
Gail Rookes - Observer

## **PRELIMINARY MATTERS**

1. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

## **BACKGROUND**

2. The subject property is a neighbourhood shopping center located at municipal address 17109 109 Avenue NW in the McNamara Industrial subdivision of Edmonton. It consists of a building with approximately 22,091 sq ft of retail space and approximately 3,467 sq ft of storage area on a lot of approximately 50,116 sq ft. The subject is an owner occupied building. It is assessed at \$3,802,000 on the income capitalization approach.

## **ISSUE**

3. Is the assessment value of the subject property in excess of its 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**

4. The Complainant filed this complaint on the basis that the subject property has been assessed in excess of its market value. The Complainant also asked the Board to reduce the assessment for the storage space value to market area rent. In support of this position; the Complainant provided two charts (Exhibit C-1, page 15) detailing five assessment comparables for the retail space and five assessment comparables for the storage areas.
5. The Complainant argued that the current assessed rate for CRUEX space is in excess of market value. The City has assessed similar retail space ranging from \$8.25 to 11.10 per sq ft, with a median value of \$10.25 per sq ft (Exhibit C-1, page 15), whereas the subject is assessed at \$14.25 per sq ft. All these comparables are located in the same quadrant and are comparable to the subject in age and size. The Complainant advised the Board that two of the assessment comparables are located adjoining the south side of the subject.

6. The Complainant also provided five assessment comparables for the remaining 3,467 sq ft storage areas of various retail outlets from different parts of the city. All of these are assessed at a value of \$1.00 per sq ft whereas the subject storage area is assessed at \$11.50 per sq ft (Exhibit C-1, page 15). The Complainant stated the quality of the finish in this storage area is inferior to the retail space of the subject.
7. Based on the above the Complainant requested the Board to reduce the 2011 assessment to \$2,630,000 from \$3,802,000.

### **POSITION OF THE RESPONDENT**

8. The Respondent provided the Board with a 75 page brief that included the mass appraisal process that the City of Edmonton utilizes for their retail building inventory (Exhibit R-1, pages 75). The assessment methodology used by the Respondent is the income capitalization approach for the subject property.
9. The Respondent presented to the Board a detailed report showing how the City assessed the subject property. The Respondent also submitted to the Board five comparable properties which are all from the north side of the city (Exhibit R-1, page 30). The assessed rates range from \$14.25 per sq ft to 16.75 per sq ft.
10. In addition, the Respondent provided the Board with equity rents comparables to the subject for storage space, ranging from \$8.50 per sq ft to 11.00 per sq ft (Exhibit R-1, page 31). The Respondent also stated that the storage area has a lesser finish than the retail area.
11. In summary, the Respondent asked the Board to confirm the 2011 assessment at \$3,802,000.

### **DECISION**

12. After hearing the evidence and argument of the Complainant and the Respondent the decision of the Board is to reduce the 2011 assessment of the subject property from \$3,802,000 to \$2,931,000.

### **REASONS FOR THE DECISION**

13. The Board noted at the outset of its deliberations that both the Complainant and the Respondent had provided equity arguments only. There was no evidence of market leases being used to persuade the Board from either party.
14. The Board was persuaded by the Complainant's evidence and argument relating to the assessment lease rates of the CRUEX comparables (Exhibit C-1, page, 15 – upper chart). Four of the five comparables were for space used for furniture sales, the same use the subject property. However, of more importance is the fact that two of the comparables are located next door to the subject and appear to have the same exposure to 170 Street that

the subject has. The third comparable located on 170 Street, is also relatively close to the subject and the Board believes this has similar exposure as the subject making it a good comparable.

15. The two comparables located on St Albert Trail and 104A Avenue were less convincing as they are not in close proximity to the subject, but they are on busy traffic arteries not unlike the subject and provide additional support for a reduction in the assessment lease rate.
16. The Board placed less weight on the comparable equity rents of the Respondent (Exhibit R-1, page 30) as none of the comparables are close to the subject and the only comparable in the west end of the city lies very close to West Edmonton Mall that might have an influence on the rental value of adjoining properties. The other 4 comparables provided by the Respondent comprised what appear to be busy locations in other parts of the city and the Board had difficulty relating these locations to the subject.
17. Having considered the evidence for the retail space, the Board accepts that the lease rate of \$11.00/ sq ft, as requested by the Complainant, is the correct value to apply to the subject retail space.
18. With regard to the storage space in the subject property, the Board encountered difficulty with the evidence and arguments of both parties. The Complainant's comparables were in various locations throughout the city and the Board was not convinced the locations were comparable except possibly the property on St Albert Trail. This was for only 517 sq ft and is not comparable in size. Furthermore the Board was not convinced the storage spaces for the other comparables were in fact comparable space. It is fairly common knowledge that both Canadian Tire and Rona have storage space that is unheated/part covered and no evidence was provided to the Board to show that these storage spaces were heated and/or covered like the subject.
19. The Board was somewhat persuaded by the evidence and argument of the Respondent with respect to the storage space. Again only one comparable was in the general area of the subject property and one was an industrial flex building. The third and fourth comparables were in other locations throughout the City and the Board was unable to relate the locations to the subject.
20. The Board was therefore left with fairly well balanced evidence from each party with respect to the storage space on the subject property. The Board, in conjunction with the evidence from both parties, accepts in principle that storage space is of less value than the retail space. Based on the photographic evidence provided by the Respondent, the Board rejects the rate of \$1.00/ sq ft. If the retail rate has a value of \$11.00/ sq ft then the assessed rate of \$11.50/ sq ft is clearly high.
21. The Board concludes that the storage space rate should be less than the retail space rate and with a lack of evidence to steer the Board in the direction of a market rate, the Board adopts the ratio of the two rates as applied by the Respondent in the initial assessment; namely \$11.00/ sq ft : \$14.25/ sq ft, which equates to approximately 20% less for the storage space. The Board applied this ratio to the retail rate of \$11.00/ sq ft resulting in a storage space rate of \$8.80/ sq ft. In support of this method the Board noted that three of

the four comparables provided by the Respondent (Exhibit R-1, page 31) support a rate of \$8.50 to \$9.50/ sq ft which provides good support to the rate calculated above.

22. In is therefore the conclusion of the Board that a rate of \$11.00/ sq ft should be applied to the retail space and \$9.00/ sq ft should be applied to the storage space.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 14<sup>th</sup> day of February, 2012, at the City of Edmonton, in the Province of Alberta.

---

Robert Mowbrey, 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: 1109963 ALBERTA LTD