



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 931/11

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 April 23, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4132072	10147 109 Street NW	Plan: 9020932 Unit: 517	\$943,500	Annual New	2011

Before:

Patricia Mowbrey, Presiding Officer
Dale Doan, Board Member
Mary Sheldon, Board Member

Board Officer: Jason Morris

Persons Appearing on behalf of Complainant:

Danica Zhou, Altus Group
John Trelford, Altus Group

Persons Appearing on behalf of Respondent:

John Ball, Assessor, City of Edmonton

PROCEDURAL MATTERS

No allegation of bias was raised by any party to the proceeding nor by any member of the Board.

BACKGROUND

The subject is classified as a retail/wholesale condominium unit and is located in the downtown subdivision of Edmonton. It was constructed in 1981. The total size is 3,029 square feet made up of 1,670 square feet of vacant space and 1,359 square feet of occupied space. The space is located on the main floor of the Capital Centre building. The market building class is “office building”.

ISSUE(S)

1. Is the 2011 assessment of the subject correct?
2. Is the Income Approach to value appropriate?
 - a) Is the lease rate applied in the assessment correct?
3. Is the 2011 assessment of the subject equitable?

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 to the Board that the 2011 assessment of the subject was not correct nor was it fair and equitable.

The Complainant advised the Board that the income approach to value was the appropriate method to use to value the subject. The Complainant argued that there were few sales in the market of this type of property and that a direct sales approach to value would not be correct nor fair and equitable.

The Complainant presented the rent roll of the subject to the Board (C-1, page 17) to show that the occupied portion of the subject was being leased to Norquest College at \$17.00 per square foot. The Complainant provided a chart of 19 market lease comparables (C-1, page 18). The leases were located in buildings in the Government, Financial and Oliver districts and showed rents per square foot ranging from \$6.50 to \$18.00 with a median value of \$17.00 per square foot. The Complainant argued that, based on this market evidence of similar leases, an appropriate lease rate would be \$16.00 per square foot.

In further support of his position that the 2011 assessment of the subject was not correct, the Complainant presented to the Board a third party document outlining the sale of the Capital Centre building in June, 2007 (C-1, page 20). The Complainant presented calculations derived from that sale. After the value of the parking stalls, that was included in the sale, was removed, the Complainant advised the Board that the time adjusted sale price per square foot for the subject was \$204.68. The Complainant argued that this was lower than the subject's assessed value per square foot of \$311.48.

The Complainant also presented to the Board an assessment to sales ratio of the units in Capital Centre which, the Complainant argued, showed that the assessment per square foot of the units were outside an acceptable range (C-1, page 23).

In support of the Complainant's position that the assessment of the subject was not fair and equitable, the Complainant presented a chart of nineteen equity comparables (C-1, page 24). These comparables were located in the downtown area, ranged in age from 1969 to 1993 and showed equity rates per square foot ranging from \$11.25 to \$16.00. The median equity rate for these comparables was \$15.00 per square foot.

The Complainant submitted to the Board that a lease rate of \$16.00 per square foot should be applied to the subject and presented a requested market value pro forma which demonstrated that with this lease rate in place, the value for the subject pursuant to the income approach would be \$521,000 (C-1, page 12).

The Complainant requested that the Board reduce the 2011 assessment of the subject from \$943,500 to \$521,000.

POSITION OF THE RESPONDENT

The Respondent submitted to the Board that the 2011 assessment of the subject was correct, fair and equitable.

The Respondent advised the Board that there are approximately 1,700 retail/office condominium units in this category and that most are owner occupied. For that reason, there is little information available to ascertain market lease rates and therefore, the income approach to value is not appropriate. The direct sales method is used by the Respondent to value these types of properties.

The Respondent presented a list of two condominium sales in support of its position that the 2011 assessment of the subject was correct (C-1, page 27). The first comparable was a shell only, and located on the second floor of a building at 10059 118 Street. The sale price per square foot for that unit was \$394 per square foot.

The second comparable presented by the Respondent was located on Whyte Avenue and was located on the main floor of a historical building. The adjusted sale price of that comparable was \$363 per square foot. The Respondent also presented transfer and third party documentation concerning these sales comparables.

The Respondent also noted for the Board that he had included a legal brief concerning exemptions in his evidence but indicated to the Board that the question of exemptions was no longer an issue.

The Respondent requested that the Board confirm the 2011 assessment of the subject at \$943,500.

DECISION

The decision of the Board is to confirm the 2011 assessment of the subject at \$943,500.

REASONS FOR THE DECISION

The Board agrees with the submission of the Complainant that all approaches to value are valid.

However, in this case, the Board concludes that the direct sales approach is the most appropriate method. The Respondent advised that all properties of the subject type are valued by this method and that it is only fair and equitable that similar properties be valued in a similar manner. The Board noted the Complainant indicated knowledge of retail/office condominium units which were valued on the income approach. However, the Complainant did not provide any documentary evidence in this regard and the Board could place little weight on that oral submission. The Board accepts the submission of the Respondent that all properties of this type in the retail condo market are assessed using the direct sales comparison approach and that there was nothing out of the ordinary to indicate that a different approach to value should be applied in this case.

The Board also notes that the assessment lease rate comparables presented by the Complainant are all office buildings with CRU space on the main or second floors. In contrast, the subject is a multi-residential building with commercial/retail uses on the first and second floors. Therefore, the comparables presented are not similar.

In addition, the Board notes the argument of the Complainant that the Capital Place building was purchased on an income value basis and that this provides support for the income approach to value. However, the Board heard evidence that the main use of the Capital Place building was multi-residential.

The Board is of the opinion that the Complainant did not provide compelling evidence to distinguish the subject from other similar condominiums in order to have it assessed using the income approach.

The Board places greatest weight on the evidence provided by the Respondent and accepts the direct sales approach to value.

The Board finds the 2011 assessment for the subject property of \$943,500 is correct, fair and equitable.

DISSENTING OPINION AND REASONS

There was no dissenting opinion.

Dated this 21st day of May, 2012, at the City of Edmonton, in the Province of Alberta.

Patricia 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: CAPITAL CENTRE NOMINEE COMPANY