



ASSESSMENT REVIEW BOARD

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

NOTICE OF DECISION NO. 0098 933/11

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:
1560002	10440 170 Street NW	Plan: 7720926 Block: 1 Lot: 1	\$7,185,000	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

PRELIMINARY MATTERS

- [1] The Board indicated that they had no bias to declare with regard to the subject property, and the parties indicated that they had no objection to the constitution of the Board.

BACKGROUND

- [2] The subject property is located at 10440-170 Street NW within the Stone Industrial neighborhood. It is a two building industrial flex building constructed in 1980 totaling 69,113 square feet sitting on an 180,207 square foot IB zoned site. The valuation group of the subject is Retail Plaza.

ISSUE(S)

- [3] The issues are:
- a. Is the 2011 assessment of subject property correct?
 - i. Is the lease rate applied appropriate?
 - b. Is the 2011 assessment for the subject property equitable?

LEGISLATION

- [4] The *Municipal Government Act*, RSA 2000, c M-26 reads:

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

- [5] The position of the Complainant is that the subject property assessed at \$7,185,000 is incorrect and this was due to inappropriate lease rates that were applied.

- [6] The Complainant submitted evidence, C1 38 pages, and rebuttal, C2 2 pages, in support of the position.

- [7] With regards to the lease rates to be applied, the Complainant provided a chart of seven market lease rate comparables (C 1, page 18) to support their position. The lease comparables were divided into two types being CRUMED and Restaurant. The three CRUMED leases were located on the south side of Edmonton situated in buildings constructed between 1974 and 1977. Start dates for leases range from September 2006 to October 2009 and rental rates range from \$6.05 to \$10.50 per square foot. The four restaurant leases were located in various sectors of the city situated in buildings constructed between 1972 and 1984. Start dates for leases range from February 2008 to March 2009 and

rental rates range from \$8.36 to \$11.00 per square foot. Based on the this evidence the Complaint requested that the appropriate lease rate for the CRUMED space is \$8.50 per square foot and the appropriate lease rate for the restaurant is \$10.50 per square foot. The Complainant applied these lease rates to a “requested market value proforma” (C1, page 13) and argued that using typical market rents, typical other variables and a typical market driven cap rate the value of the subject is \$6,852,000.

- [8] The Complainant provided a two page rebuttal C2 that was presented for clarification as to location of CRUMEDS and restaurant within the subject property.

POSITION OF THE RESPONDENT

- [9] It was the position of the Respondent that the 2011 assessment for the subject property at \$7,185,000 was correct and to defend this position the Respondent provided the Board with an 87 page brief (R1).

- [10] With regards to the lease rates the Respondent presented three equity comparables (R1, pages 15 through 18). All comparables are located in the west end and all are in the Retail Plaza Valuation Group the same as the subject property. The comparables indicated an equitable lease range for CRUMEDS from \$12.50 to \$14.75 per square foot resulting in an average of \$13.42 per square foot and for restaurants from \$13.75 to \$16.25 per square foot resulting in an average of \$14.75 per square foot. The Respondent argued that this supported the subject property’s assessed lease rate of \$11.00 per square foot for CRUMEDS and \$12.00 per square foot for the restaurant and as such supports the subject’s 2011 assessment of \$7,185,000.

DECISION

- [11] The decision of the Board is to confirm the 2011 assessment for the subject at \$7,185,000.

REASONS FOR THE DECISION

- [12] The Board was not persuaded by the Complainant’s CRUMED market lease rate evidence as all the comparables are located in the far south district of the city and the subject is located in the west end. The Board does note the similarity in that both the subject and the comparables are on major roads. It was further noted by the Board that comparables #1 and #3 are same roll number and brings question to average and median as the start dates are September 2006 and October 2009. The Board therefore placed less weight on comparables #1 and #3. Comparable #2 is smaller in size an older 2007 lease at \$10.50 per square foot and is located on a major road. The Board considers this comparable the most similar to the subject and finds that this supports the assessment of \$11 per square foot.

- [13] The Board also found that the Complainant’s restaurant comparables are dissimilar in location with respect to comparable #1 located in the far southeast and comparables #3 and #4 located in the northeast. Comparable #2 is slightly larger than the subject but closest in location, similar in age and is not located on a major road similar to subject and reflects a lease rate \$11.00 per square foot. The Board considers this comparable most similar to the subject and supports the assessment of \$12 per square foot.

[14] The Board was persuaded by the Respondent's three equity comparables that are all located in the west end and are in the Retail Plaza Valuation Group similar to the subject. The Board noted that comparable #3 is an industrial flex building the same as the subject and reflects the highest lease rates of the comparables. The CRUMED equity comparables range from \$12.50 to \$14.75 per square foot with a resulting average of \$13.42 per square foot and the restaurant equity comparables range from \$13.75 to \$16.25 per square foot with a resulting average of \$14.75 per square foot which supports the subject assessment.

[15] In conclusion the Board placed greatest weight on the Respondent's evidence.

[16] The Board finds the 2011 assessment of \$7,185,000 for the subject property to be correct, fair and equitable.

DISSENTING OPINION AND REASONS

[17] 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: WEST TWO ENTERPRISES LTD