

**OKOTOKS COMPOSITE ASSESSMENT REVIEW BOARD ORDER #0238/09/2010-M**

**IN THE MATTER OF A COMPLAINT** filed with the Town of Okotoks Composite Assessment Review Board (CARB) pursuant to the *Municipal Government Act (Act)*, Chapter M-26.1, Section 460(4).

**BETWEEN:**

The Arlington Realty Inc., Complainant

- and -

The Town of Okotoks, Respondent

**BEFORE:**

R. Irwin, Presiding Officer

D. Howard, Member

D. Rasmussen, Member

This is a complaint to the Town of Okotoks Composite Assessment Review Board (CARB) in respect of property assessments prepared by the Assessor of the Town of Okotoks and entered in the 2010 Assessment Roll as follows:

<b>Roll Number</b>	<b>Address</b>	<b>Assessment</b>
<b>Roll Number: 0029590</b>	<b>40 Elizabeth St</b>	<b>\$3,441,000</b>

This complaint was heard on the 15<sup>th</sup> day of October, 2010 at the Town of Okotoks Council Chambers at 5 Elizabeth Street, Okotoks, Alberta.

Appearing on behalf of the Complainant:

- Linnell Taylor (Agent for the Complainant) – D. Sheridan

Appearing on behalf of the Respondent:

- P. Huskinson

**Preliminary Matters:**

There were no preliminary matters. The merit hearing proceeded.

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### **Property Description:**

The subject property is a 17,905 sq. ft. two storey office building located at 40 Elizabeth Street in Okotoks, Alberta. The building is known as the Okotoks Professional building and is a mixed use retail, office property. The main floor office space is 2,494 sq. ft. and the second floor office space is 9,161 sq.ft. There is also 6.250sq.ft. of retail on the main floor.

The property is assessed at \$3,441,000

### **Issues:**

- Rental rate
- Vacancy Rate

### **Complainant's Requested Value:**

The request on the complaint form and in the evidence was \$2,625,000.

### **Board's Findings in Respect of Each Matter or Issue:**

#### **Rental Rate:**

The Complainant is requesting that the second floor office rate should be reduced from

- \$18.00 per sq. ft. to \$14.00sq.ft. for space less than 1000 sq.ft
- \$16.00 per sq. ft. to \$14.00 for space greater than 1000 sq.ft.

The Complainant's evidence included a current rent roll for the property and illustrated that the rent roll supported the main floor assessments of \$18.00 and \$22.00 per sq.ft. but in excess for the second floor office space. The Complainant said that "it appears that the assessment model is selective when it comes to market evidence of the struggling second floor."

The Respondent's evidence included a chart of 12 comparable properties in Okotoks that were presented as supporting the assessed values.

The Complainant rebutted that the Respondent's comparables included newer and different commercial districts that should not be used as they were in different market areas than the subject. The Complainant also highlighted that the comparables that the Respondent did present in the same market area of "Old Towne" were much smaller and did not have a similar vacancy issue which would be addressed next.

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### **Vacancy Rate:**

The Complainant referred to the July and September 2009 rent rolls for the subject property indicating that there was 2703 sq.ft. of office space vacant. The Complainant noted that the entire rear facing office space was vacant and had a poor chance of achieving rents equal to the assessed value.

In addition, they referred to the April 2010 rent roll for the subject property that also indicated there was 2703 sq.ft vacant. It was noted that this was post-facto, but may be useful for trending. The Complainant illustrated that the actual vacancy for the retail units was 0% and 30.19% for the office space entirely located on the second floor. This resulted in an actual overall vacancy of 15.09%.

The Respondent referred to their comparables chart and indicated that they supported the assessment. The Complainant repeated that the Respondent's comparables included newer and different market area data. The Complainant repeated that "Old Towne" was a challenged market area that had limited appeal. Both parties agreed that the newer more desirable commercial developments were to the south end of Okotoks.

### **Board's Decision:**

The Board considered all the evidence and argument presented and agreed that the subject properties second floor office assessment rates should be the same and that rate should be set at \$14.00 per sq. ft.

The Board also agreed that the subject property was a unique property in Okotoks and had a unique vacancy issue. The Board decided that a 15% vacancy rate should be used in the assessment. The assessment is set at \$2,603,000.

Dated at the Town of Okotoks in the Province of Alberta, this 2<sup>nd</sup> day of November 2010.

(for)   
\_\_\_\_\_  
R. Irwin  
Presiding Officer

*An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.*

*Any of the following may appeal the decision of an assessment review board:*

- (a) *the complainant;*

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- (b) *an assessed person, other than the complainant, who is affected by the decision;*
- (c) *the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) *the assessor for a municipality referred to in clause (c).*

*An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to*

- (a) *the assessment review board, and*
- (b) *any other persons as the judge directs.*