

## **Edmonton Composite Assessment Review Board**

**Citation: MNP LLP v The City of Edmonton, 2013 ECARB 00897**

**Assessment Roll Number:** 1075340

**Municipal Address:** 9343 50 STREET NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**MNP LLP**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### **DECISION OF**

**Petra Hagemann, Presiding Officer**

**Brian Carbol, Board Member**

**Brian Frost, Board Member**

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### **Procedural Matters**

[1] When asked by the Presiding Officer, the parties advised that there were no concerns respecting the composition of the Board, and the Board members advised that they had no bias respecting the matter before them.

### **Background**

[2] The subject property consists of three "C" class buildings in the Parkwood Office Centre located in the Eastgate Business Park. The buildings which were constructed in 1978 and 1990 consist of 39,161 square feet of office space and 920 square feet of CRU on a parcel area of 145,098 square feet. Onsite surface parking (175 stalls) is provided. The subject is assessed at \$3,623,000 based on the income approach to value.

### **Issues**

[3] Is the assessment of the subject property correct?

[4] Is the vacancy rate applied by the City to the subject property in developing the assessment correct?

## **Legislation**

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

s 1(1)(n) “market value” means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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**

[6] In support of the position that the vacancy rate applied by the City is incorrect, the Complainant presented, as evidence, a number of rent rolls for the subject property. (Exhibit C-1, pages 19-22)

[7] The Complainant argued that the vacancy rates in these rent rolls are significantly higher than the 11.00% rate used to assess the subject property: 14.53% (January 2012), 11.43% (November 2011), 14.80% (January 2012) and 25.69% (January 2013).

[8] The Complainant noted that it appears that when tenant leases expire, tenants are leaving the subject property which further increases the vacancy rate. An example of this was given on the January 13, 2013 rent roll which indicates a vacancy rate of 25.7% (Exhibit C-1, p.19).

[9] In conclusion, the Complainant requested that the vacancy rate of the subject property be increased to 15% from 11.00% due to the chronic vacancy associated with the subject property. The result is a reduction of the 2013 assessment of the subject property to \$2,750,000.

## **Position of the Respondent**

[10] In support of the 2013 assessment the Respondent presented Exhibit R-1 which included photos and maps of the subject property, the assessment summary for the three buildings that form the subject property, a written response to the Complainant's argument regarding the vacancy rate applied to the subject property, fairness and equity charts, a vacancy data chart, rent rolls received by the City in response to Requests for Information (RFI) in 2009, 2010, 2011 and 2012 for the subject property and a summary of the office vacancy rates for these four years.

[11] The Respondent noted that the vacancy rates provided by the Complainant differed from those generated through the RFI process used by the City. The Respondent presented office vacancy rates for the subject property as follows: 15.15% (2012), 8.92% (2011), and 10.79% (2012).

[12] The Respondent argued that the rates used by the City are derived using a consistent methodology for all office space and suggested that the rates presented by the Complainant were derived at various times of the year making it difficult to compare the Complainant's information to that derived through the City's RFI process which processed information received from building owners and managers at the same time every year.

[13] The Respondent stated that the typical rate of 11% for Class "C" office buildings is accurate for the subject property which is supported by the average of 11.62% vacancy over the past three years based on the RFI received for the subject.

[14] The Respondent argued that the City's evidence from the RFI for the subject property showed that the subject property was not eligible for the status of chronic vacancy in that it did not demonstrate unusually high office vacancy rates for three consecutive years. Had the vacancy rate ranged between 10% and 19%, a 10% chronic vacancy rate would have been applied and if the vacancy would have ranged between 20% and 29%, a higher chronic vacancy rate of 15% would have been applied.

### **Decision**

[15] The 2013 assessment of the subject property is confirmed at \$3,623,000.

### **Reasons for the Decision**


[16] The Complainant did not use consistent methodology in arriving at the recommended vacancy rate. Instead, rent rolls from various times of year were used. The Board relied on the Respondent's "snapshot in time" analogy where a specific point in time best exhibits year to year variances in data.

[17] The Respondent applied consistent methodology using mass appraisal techniques that treated the subject equitably with similar properties with office space by using typical rates based on consistent application of information assembled from the RFI process.

[18] The Board therefore found that the 2013 assessment of the subject property is correct.

Heard on July 18, 2013.

Dated this 29th day of July, 2013, at the City of Edmonton, Alberta.

  
Petra Hagemann, Presiding Officer

**Appearances:**

Walid Melhem, MNP LLP  
for the Complainant

Tania Smith, City of Edmonton Law Branch  
Vasily Kim, City of Edmonton Assessor  
for the Respondent

*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.*