

## **Edmonton Composite Assessment Review Board**

**Citation: Altus Group v The City of Edmonton, 2013 ECARB 01579**

**Assessment Roll Number:** 3082344

**Municipal Address:** 6803 170 Street NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Altus Group**

Complainant

and

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

Respondent

---

### **DECISION OF**

**Peter Irwin, Presiding Officer**  
**Lillian Lundgren, Board Member**  
**Darryl Menzak, Board Member**

---

### **Procedural Matters**

[1] When asked by the Presiding Officer, the parties did not object to the composition of the Board. The Board Members indicated they have no bias in the matter before them.

### **Background**

[2] The subject property, known as Wolf Willow South, is a neighborhood shopping centre located at 6803 170 Street NW. It has an area of 7,239 square feet (sf) comprising commercial retail units (CRUs), office space, retail space and basement storage space. It is assessed on the income approach at \$1,425,000.

### **Issue(s)**

- [3] Is the subject property assessment correct?
- (a) What is an appropriate rental rate for the main floor office space?
  - (b) What is an appropriate rental rate for the CRU LESS space?
- [4] Is the subject property equitably assessed with similar properties?

### **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.

[6] ***Matters Relating To Assessment And Taxation Regulation, AR 220/2004, reads:***

2 An assessment of property based on market value

(a) Must be prepared using mass appraisal,

(b) Must be an estimate of the value of the fee simple estate in the property, and

(c) Must reflect typical market conditions for properties similar to that property.

#### **Position of the Complainant**

[7] The Complainant filed this complaint on the basis that the subject assessment of \$1,425,000 is incorrect and inequitable.

[8] The Complainant stated that the property is assessed in excess of market value because the rental rates used to assess the main floor office space and the CRU LESS space are too high. The assessment was prepared using a rental rate of \$19.25/sf for the main floor office space and \$20.00/sf for the CRU LESS space. (CRU LESS space is < 1000 square feet)

[9] The Complainant argued that actual rents are the best indicators of value. With respect to the main floor office space, the Complainant stated that the most recent lease commenced in October, 2008 for \$16.00/sf. The Complainant concluded that the \$19.25/sf rental rate applied to the main floor office space should be reduced to \$16.50/sf to reflect the actual lease.

[10] With respect to the CRU LESS space, the most recent lease commenced in April, 2010 for \$16.89/sf, and it should be reduced to \$16.50/sf to reflect the actual lease.

[11] The Complainant prepared an actual rent proforma that indicated a total assessed value for the subject property of \$1,353,000 (Exhibit C-1, page 14). The rent roll showing the rents in place on May, 2012 is displayed in Exhibit C-1, page 18.

[12] The Complainant also argued that the subject property is assessed inequitably with similar properties because the rental rates used to assess similar properties are lower than the rates used to assess the subject. In support of this argument, the Complainant presented seven assessment comparables for the main floor office space that have a median rental rate of \$16.50/sf (Exhibit C-1 page 19), and two assessment comparables for the CRU LESS space that have a median rental rate of \$17.50/sf (Exhibit C-1 page 20).

[13] Finally, the Complainant argued that the subject property is inferior to the neighboring shopping centre to the north because it has poor exposure to 170 Street and no exposure to 69 Avenue. The subject building is set further back from the street than the adjacent gas service station which tends to obstruct the view. The Complainant provided the aerial photograph on page 7, Exhibit C-1 which shows the location of the subject property next to the service station.

[14] In summary, the Complainant requested the Board to reduce the assessment to \$1,331,000.

### **Position of the Respondent**

[15] The Respondent submitted that the subject assessment of \$1,425,000 reflects market value. The market rents used to assess all space types are derived using mass appraisal, and statistical testing was done to determine an appropriate market rental rate for the space types in the subject property.

[16] The Respondent stated that typical rental rates are more appropriately used than the actual rental rates for assessment purposes. Current economic rents or market rents are used to form the basis of the valuation as opposed to actual rents because in many cases the actual rents reflect historic revenues derived from leases negotiated before the valuation date.

[17] In support of the \$19.25/sf rental rate applied to the main floor office space, the Respondent presented ten comparable office rents that have a median rental rate of \$20.00/sf rental rate; and, in support of the \$20.00/sf rate applied to the CRU LESS space, the Respondent presented twenty comparable CRU LESS rents that have a median rental rate of \$21.00/sf (Exhibit R-1 page 16).

[18] The Respondent pointed out that the comparable rents for the office space and the CRU LESS space show that the subject lease rates are not typical rates.

[19] The Respondent presented equity rents for properties that are similar in age and location to the subject property (Exhibit R-1 page 17). The comparables support the rental rates in question.

[20] The Respondent disagreed with the Complainant's position that the subject property suffers from a lack of exposure to 170 Street.

[21] In summary, the Respondent requested the Board to confirm the assessment at \$1,425,000.

### **Decision**

[22] The property assessment is confirmed at \$1,425,000.

### **Reasons for the Decision**

[23] In determining this matter, the Board reviewed section 2 of the *Matters Relating To Assessment And Taxation Regulation 220/2004 (MRAT)*, which requires that an assessment of property must be prepared using mass appraisal and must reflect typical market conditions for properties similar to that property.

[24] In accordance with *MRAT*, the Board finds that typical rental rates for each of the space types must be used to value the subject property for assessment purposes. The Complainant did not present any rental rates for comparable properties; and therefore, failed to establish that the assessed rents are not typical.

[25] The Board finds that the comparable office rents and comparable CRU LESS rents presented by the Respondent support the use of a \$19.25/sf rental rate for the office space and a \$20.00/sf for the CRU LESS space.

[26] With respect to the issue of equity, the Board reviewed the Complainant's assessment comparables and finds insufficient evidence of an inequity. Only three of the seven office main floor comparables are similar space types, and both of the CRU LESS comparables are in inferior locations to the subject property.

[27] The Board also reviewed the Respondent's equity rents and finds that they are similar in space type, location and age. In all, there are twenty-one comparables and they support the assessed rents. It is noted that the main floor office space and the CRU LESS space in the subject property are assessed at the low end of the range of comparable assessed rents.

[28] Finally, the Board considered the Complainant's argument respecting the subject's lack of exposure to 170 Street. The Board agrees with the Complainant that the property is set back further from 170 Street than the service station on the adjacent lot; however, no evidence was presented to the Board to show a loss in value owing to this fact.

[29] Accordingly, the assessment is confirmed.

Heard September 16, 2013.

Dated this 25<sup>th</sup> day of September, 2013, at the City of Edmonton, Alberta.

  
Peter Irwin, Presiding Officer

**Appearances:**

Adam Greenough  
for the Complainant

Steve Lutes, Legal Counsel  
Tim Dueck, 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.*