



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
EDMONTON AB T5J 2R7
(780) 496-5026 FAX (780) 496-8199

NOTICE OF DECISION 0098 307/10

CVG Ltd
1200, 10665 Jasper Avenue
Edmonton AB T5J 3S9

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 October 25, 2010 respecting a complaint for:

Roll Number 2721884	Municipal Address 10238 124 Street NW	Legal Description Plan: RN22 Block: 33 Lot: 17, etc.
Assessed Value \$14,991,500	Assessment Type Annual New	Assessment Notice for: 2010

Before:

Myron Chilibeck, Presiding Officer
Ron Funnell, Board Member
Reg Pointe, Board Member

Board Officer:

J. Halicki

Persons Appearing: Complainant

Peter Smith, Agent
CVG Ltd.

Persons Appearing: Respondent

Cameron Ashmore, Solicitor
Renee Gosselink, Assessor

PRELIMINARY MATTERS

Upon questioning, the parties expressed no objection to the composition of the CARB; the Board Members expressed no bias toward this roll. The parties were reminded that they remained under oath.

Also, both parties indicated that applicable argument/evidence from roll #2720779 would be carried forward to this roll.

ISSUE(S)

At the outset of the hearing, the Complainant addressed one issue: What is the correct rental rate for the subject property?

BACKGROUND

The subject property, the Guardian Building, was built in 1971 and is located in the 124 Street district in the Westmount neighbourhood. It is a class “B”, multi-tenant office building with approximately 78,585 sq. ft. of office space; 2,847 sq. ft. of CRU space; 1,190sq. ft. of storage space; and a 106 stall underground parkade.

LEGISLATION

The Municipal Government Act, R.S.A. 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 accepts the Respondent’s vacancy and capitalization rates for the subject property, but disputes the lease rate applied to the office space component.

The Complainant’s average of six tenant leases in the subject property from January 2008 to April 2009 suggests a lease rate of \$14.00/sq. ft. rather than the assessment rate of \$15.00 per square foot. In the alternative, the Complainant suggests that the subject property could be reclassified as a “C” building and use the typical assessed lease rate of \$11.00/sq. ft., to reduce the assessment accordingly.

The Complainant requested that the total assessment be reduced to \$13,839,000; however, during the hearing, the request was amended to \$14,077,000 to reflect the requested change only to the lease rate for the office space.

POSITION OF THE RESPONDENT

The Respondent asserts that the subject property has been fairly and equitably assessed in relation to similar properties and according to the principles of mass appraisal.

The Respondent referenced the subject’s rent roll (R1, pgs. 22-23) and emphasized several lease rates that range from \$13.00 to \$18.00/sq. ft. in support of the subject’s assessed rate of \$15.00 per square foot.

The Respondent provided several lease rate equity comparables of class “B” office buildings in the 124 Street district (R1, pg. 34) that are assessed at a lease rate of \$15.00 per square foot.

Also, the Respondent provided a copy of an *Altus Insight* report (R1, pg. 58) that shows the asking price of \$15.00 to \$18.00/sq. ft. for the vacant space in the subject building.

The Respondent asserted that the above supports the subject's assessed rate of \$15.00/sq. ft. and requested that the assessment be confirmed.

DECISION

The Board's decision is to confirm the 2010 assessment at \$14,991,500.

REASONS FOR THE DECISION

The Board was persuaded by the Respondent's analysis of the subject's rent roll where the more recent lease rates range upwards to \$15.00 and \$18.00 per square foot.

The best evidence of market rent rates, in this case, is the rent roll for the subject property. Market lease rate comparable of similar property was not provided by either party.

Based on the foregoing, the Board is convinced to confirm the assessment.

There were no dissenting reasons.

Dated this twenty-sixth day of October, 2010 A.D., at the City of Edmonton, in the Province of Alberta.

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, R.S.A. 2000, c.M-26.

cc: Municipal Government Board
City of Edmonton, Assessment and Taxation Branch
Guardian Building Ltd.