

NOTICE OF DECISION NO. 0098 46/12

Canadian Valuation Group
1200-10665 Jasper Avenue NW
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 July 4, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8480162	4504 99 Street NW	Plan: 4187RS Block: 1 Lot: 7	\$7,771,000	Annual New	2012

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: 852819 ALBERTA LTD

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 002193

Assessment Roll Number: 8480162

Municipal Address: 4504 99 Street NW

Assessment Year: 2012

Assessment Type: Annual New

Between:

Canadian Valuation Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Patricia Mowbrey, Presiding Officer
Brian Frost, Board Member
Reg Pointe, Board Member

Preliminary Matters

[1] When asked by the Presiding Officer, the parties indicated no objection to the composition of the Board. The Board members indicated they had no bias in the matter before them.

[2] The Respondent put forth a recommendation to reduce the subject property assessment from \$7,771,000 to \$6,899,500. The reason for the recommendation was a change in use for some of the rental space.

[3] The Complainant did not accept this recommendation. The merit hearing proceeded.

Background

[4] The subject property is located at 4504 99 Street NW. It is a U-shaped building containing a total of 49,088 square feet and was built in 1976. It has an effective age of 1983. The rear portion of the building functions as office warehouse space, while the front section is mainly developed for office use. The property is zoned IB (Industrial Business District) with an effective zoning of CB2 (General Business District). The lot comprises 128,525 square feet and is located in the Papaschase Industrial area.

Issues

[5] Is the 2012 assessment of the subject property correct?

- a) Is the market rent appropriate?
- b) Is the capitalization rate appropriate?

Legislation

[6] The *Municipal Government Act* reads:

Municipal Government Act, RSA 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

[7] The position of the Complainant is that the assessment is incorrect because the City has applied inappropriate rental rates to the subject property. The Complainant stated that the City has applied an inappropriate capitalization rate as well.

[8] The Complainant stated that in applying an effective zoning of CB2, the City's retail assessment model for the subject property applied lease rates ranging from \$12.00 to \$27.00 per square foot (C-1, page 1). The Complainant stated that these rates are considerably higher than the actual lease rates achieved in the subject property.

[9] The Complainant presented an appraisal (C-2) prepared as of July 16, 2010 that utilized market rents for the subject property ranging from \$7.00 to \$7.50 per square foot for the rear sections and \$10.00 to \$14.50 per square foot for the front section (C-1, page 1). After applying a 7.50% capitalization rate, the appraisal valued the property under the income approach at \$5,781,000. Following the application of a Discounted Cash Flow analysis and Direct Comparison Approach, the appraiser arrived at a final estimated value of \$5,600,000.

[10] The Complainant presented a rent roll for the subject property that showed rental rates ranging from \$7.00 to \$12.50 per square foot (C-1, page 2). Based on this, the Complainant argued that it would be reasonable to apply market rental rates of \$7.50 per square foot for the rear space and \$12.00 per square foot for the front space.

[11] The Complainant's evidence also included a chart (C-1, pg 3) with nine sales comparables zoned IB industrial business and ranging in size from 30,522 to 97,743 square feet with assessments ranging from \$92.66 to \$104.43 per square foot. The Complainant stated that, when compared with the subject property size of 49,088 square feet and assessment of \$158.31 per square foot, these comparables support a reduced assessment for the subject property.

[12] Based on a Direct Comparison Approach that included the sales comparables in C-1, page 3, the Complainant argued that a value of \$5,399,680 is indicated.

[13] The Complainant noted that the subject property assessment had been reduced to \$5,500,000 in 2011 (C-1, pg 35). The Complainant stated that the City's time adjustment charts for industrial and retail properties show a factor of 1.0 between July 2010 and July 2011.

[14] The Complainant requests that the 2012 assessment be reduced to \$5,500,000.

Position of the Respondent

[15] The Respondent made a second recommendation to reduce the subject property assessment to \$6,200,000. Based on the Complainant's evidence, the Respondent acknowledged that an additional 10,000 square feet should be changed from office/retail to warehouse and storage space at a typical lease rate of \$8.00 per square foot.

[16] The Complainant accepted this recommendation.

Decision

[17] It is the decision of the Board to reduce the 2012 assessment for the subject property from \$7,771,000 to \$6,200,000.

Reasons for the Decision

[18] The Board heard the Complainant's evidence as presented and accepts the Respondent's recommendation and the Complainant's acceptance of reduction of the 2012 assessment from \$7,771,000 to \$6,200,000.

Dissenting Opinion

[19] There was no dissenting opinion.

Heard commencing July 4, 2012.

Dated this 5th day of July, 2012, at the City of Edmonton, Alberta.

Patricia Mowbrey, Presiding Officer

Appearances:

Tom Janzen, Canadian Valuation Group
for the Complainant

Chris Rumsey, Assessor, City of Edmonton

Ryan Heit, Assessor, City of Edmonton
for the Respondent