



## 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 NO. 0098 616/10

Altus Group Ltd  
17327 - 106A Avenue  
Edmonton AB T5S 1M7

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 November 24, 2010 respecting a complaint for:

<b>Roll Number</b> 7098635	<b>Municipal Address</b> 10542 – 82 Avenue NW	<b>Legal Description</b> Plan: I Block: 66 Lot: 11, etc.
<b>Assessed Value</b> \$5,551,500	<b>Assessment Type</b> Annual New	<b>Assessment Notice for:</b> 2010

#### **Before:**

Tom Robert, Presiding Officer  
Tom Eapen, Board Member  
John Braim, Board Member

#### **Board Officer:**

J. Halicki

#### **Persons Appearing: Complainant**

Chris Buchanan, Agent  
Altus Group Ltd.

#### **Persons Appearing: Respondent**

John Ball, Assessor  
Assessment and Taxation Branch

### **PROCEDURAL MATTERS**

The parties expressed no objection as to the composition of the CARB; Board Members expressed no bias toward this or any of the other accounts appearing on the agenda. The parties were reminded they remained under oath.

The Complainant requested that the argument and evidence relating to capitalization rates be carried forward from roll #7097231 to this roll.

## **BACKGROUND**

The subject property, known as the Scona Building, is located in the Strathcona subdivision. It comprises a two storey retail building fronting Whyte Avenue (a.k.a. 82<sup>nd</sup> Avenue) that was constructed in 1946, but with an effective year built of 1951. It extends to a total area of 24,034 ft<sup>2</sup> with a net leasable area of 22,232 ft<sup>2</sup> and is located on a 13,036 ft<sup>2</sup> parcel of land.

## **ISSUES**

1. Is the lease rate applied to the upper floor the correct one?
2. Is the assessment capitalization rate (cap rate) correct?

## **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 provided the Board with a brief indicating the subject property had been assessed utilizing a main floor lease rate of \$23.00/ft<sup>2</sup> and a second floor a lease rate of \$18.00/ft<sup>2</sup> (C1, pg. 8). A chart with six assessment comparables indicating cap rates on Whyte Avenue ranging from 7.50% to 8.50% with an average of 7.83% and a median of 7.75% was provided (C1, pg. 21). Two of the comparables indicated second floor space had been assessed at \$11.00/ft<sup>2</sup> and \$14.50/ft<sup>2</sup> and the corresponding main floor rents for these two comparables was \$22.00/ft<sup>2</sup> and \$25.00/ft<sup>2</sup> respectively. The Complainant argued that second floor space was assessed at 50% of the main floor space depending on quality/condition. The Complainant also provided a 2009 rent roll indicating the upper level space was leased until September 2009 for the sum of \$7,970 per month, which equates to a rate of approximately \$8.00/ft<sup>2</sup>.

## **POSITION OF THE RESPONDENT**

The Respondent provided the Board with a brief that indicated, by implication, the assessment had been calculated by the income approach (R1, pgs. 23-27). It indicated that assessment cap rates were stratified along Whyte Avenue depending on their location relative to the core of the district and their relative retail strengths. This was by implication only, as the cap rate study had no supporting evidence to inform the Board how the assessment had been calculated.

## **DECISION**

The decision of the Board is to reduce the 2010 assessment of \$5,551,500 to \$4,688,000.

## **REASONS FOR THE DECISION**

1. With regard to the second floor lease rate, the Board was persuaded by the evidence of the Complainant (C1, pgs. 26-29) that indicated second floor space had been assessed at the lower rates of \$11.00/ft<sup>2</sup> and \$14.50/ft<sup>2</sup>. The second floor space at \$11.00/ft<sup>2</sup> is next door to the subject property and the Board considers it to be the best comparable assessment evidence.
2. The Respondent provided no evidence of lease rates.
3. The Board was persuaded by the Respondent's evidence with regard to the cap rate. The Respondent provided five maps indicating that cap rates were stratified based primarily on location. The cap rates ranged from 7.0% to 8.5% and the subject property had a cap rate of 7.5%. The Board considered the location to be excellent and only the age of the building prevented it from being rated at a lower level.
4. The Board placed little weight on the Complainant's argument for a higher cap rate as three of the four cap rates located in the immediate area of the subject property were at 7.5% and support the subject property's assessed cap rate. The Board placed little weight on the Complainant's #5 and #6 assessment cap rates as they are located in the Bonnie Doon area further east on Whyte Avenue where cap rates are higher than the subject area.

## **DISSENTING OPINION AND REASONS**

There were no dissenting opinions.

Dated this ninth day of December, 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  
Scona Building (2000) Inc.