



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
Phone: (780) 496-5026

NOTICE OF DECISION NO. 0098 935/11

Altus Group
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 on April 30, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4232682	307 Dechene Way NW	Plan: 9422409 Block: 27 Lot: 75	\$1,230,500	Annual New	2011

Before:

James Fleming, Presiding Officer
Lillian Lundgren, Board Member
Ron Funnell, Board Member

Board Officer: Segun Kaffo

Persons Appearing on behalf of Complainant:

Walid Melhem, Agent, Altus Group

Persons Appearing on behalf of Respondent:

John Ball, Assessor, City of Edmonton

PRELIMINARY MATTERS

[1] Due to delays experienced as a result of Court challenges and other matters, the CARB administration determined it would be unable to meet the deadlines set out in s 468 (1) of the Municipal Government Act (MGA), and s 53(b) of Matters Relating to Assessment Complaints. Accordingly, the CARB administration requested and obtained a Ministerial extension to hear the affected roll numbers, including the subject property, in 2012 under the authority of s 605(2) of the MGA.

[2] Upon questioning by the Presiding Officer, the parties indicated that they had no objection to the composition of the Board, and the Board members indicated that they had no bias on the file.

BACKGROUND

[3] The subject property is a 2,746 square foot, one storey, single user retail building located at 307 Dechene Way NW. The building is occupied by a dental office. The lot size is 29,834 square feet of which 18,270 square feet is deemed to be excess land. The property was constructed in 1994 and is zoned CNC. The Assessment was prepared based on the Income Approach to Value (IAV)

ISSUES

[4] The Complainant noted 8 issues on the Complaint form, later reduced to 5 (Numbers 1 - 5) at the commencement of the hearing (C-1, pg. 3). In the hearing, the Complainant addressed only 2 issues:

- i. Is the lease rate used to prepare the assessment correct?
- ii. Is the excess land valued correctly?

LEGISLATION

[5] *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

[6] The Complainant filed this complaint on the basis that the subject property assessment of \$1,230,500 is incorrect, because the assessed lease rate applied to the building is incorrect, and the assessed rate per square foot rate applied to the excess land is also incorrect.

Lease Rate

[7] The Complainant explained that the building is occupied by a dental office called “About A Smile” and should be assessed as an office building rather than a retail building. The Complainant stated that the subject is best described as a West Edmonton “A” (WEA) Class A office building. The Complainant argued that the lease rate of \$22.25 per square foot used to prepare the assessment, exceeds the lease rates used by the City of Edmonton to assess similar Class A office space in the west end. Based on the city rate of \$14.00 per square foot for this type of office space, the Complainant requested the Board to reduce the lease rate from \$22.25 to \$14.00 per square foot which results in a revised value of \$396,910.

[8] In answer to Board questions, the Complainant stated that he did not seek out lease rates for medical/dental office space because he believes that medical/dental office space leases for the same rate as Class A office space. It is noted that the Complainant did not support this position with documentary evidence.

Excess Land Rate

[9] During the course of the hearing, the parties agreed that the excess land component is comprised of 18,270 square feet. The Complainant argued that the excess land component is incorrectly assessed at \$568,499 or \$31.11 per square foot. In support of this position, the Complainant presented four sales of vacant land that have an average time adjusted sale price (TASP) of \$19.64 per square foot, and a median TASP of \$19.59 per square foot. All four sales comparables are located in the west end and the first three comparables are of similar size. The sale prices range from \$17.34 per square foot to \$22.03 per square foot, which the Complainant argued indicates that the correct value for vacant land in the west end is \$20.00 per square foot. The Complainant requested the Board to reduce the excess land component to \$365,400 or \$20.00 per square foot.

[10] In conclusion, the Complainant requested the Board to reduce the assessment to \$762,000.

POSITION OF THE RESPONDENT

[11] The Respondent submitted that the subject property assessment of \$1,230,500 is correct.

Lease Rate

[12] The Respondent stated that the subject property is a free standing 2,746 square foot single storey building that has been renovated for the purpose of a dental office. The Complainant asserted that it is correctly assessed as a General Retail building as defined in the City of Edmonton Commercial Retail Property brief.

General Retail

[13] Free standing individual buildings or a group of street-front businesses. These stores generally sell merchandise and/or provide a variety of services.

General Retail can be broken down further into these subgroups:

- Retail
- Restaurant
- Restaurant Fast Food
- Bank
- Convenience Store
- Office
- Medical Office
- Warehouse Retail
- Warehouse
- Auto Service

[14] The Respondent argued that the subject is a medical office and should be compared with similar medical offices in determining the correct lease rate. The lease rate of \$22.25 per square foot used to prepare the assessment is supported by the lease rates used to assess other dental/medical offices. The Respondent provided five equity comparables for medical offices that had lease rates that range from \$20.00 per square foot to \$22.75 per square foot. The Respondent requested the Board to confirm the lease rate of \$22.25 per square foot used to assess the subject property.

Excess Land Rate

[15] The Respondent defended the use of \$31.11 per square foot for the excess land with three sales comparables of vacant land. All three are similar in size to the subject property. The two sales comparables located on Stony Plain Road sold for a TASP of \$34.09 per square foot and \$35.49 per square foot. The third comparable sale is located cater-corner to Londonderry Mall on 136 Avenue and sold for a TASP of \$57.16 per square foot. The Respondent stated that the third sale is in a superior location to the subject property. Based on these comparables, the Respondent requested the Board to confirm the assessment of \$568,499 for the excess land component.

[16] In conclusion, the Respondent requested the Board to confirm the subject property assessment of \$1,230,500.

DECISION

[17] The property assessment is reduced to \$1,027,500.

REASONS FOR THE DECISION

[18] The Board reviewed the evidence and argument of the parties and finds as follows. The Respondent is required by legislation to stratify properties into groups of comparable properties and the Respondent has correctly stratified the subject property into the General Retail group of properties because this group includes medical offices. The subject property is a medical office.

[19] The Complainant relied on Class A office space comparables but provided insufficient evidence to convince the Board that the subject dental office is comparable to a Class A office. Therefore, the Board will not alter the lease rate of \$22.25 per square foot used to assess the

subject property. The Board finds that the lease rate of \$22.25 per square foot is supported by the equity comparables put forth by the Respondent for medical/dental offices.

[20] With respect to the excess land rate, the Board finds the Complainant's sales comparables to be the best market indicators for the value of the excess land. All four comparables are similar to the subject property in terms of location. The first three sales comparables are also similar in size to the subject property. The Board agrees with the Complainant that this market evidence supports a reduction in the excess land rate. The Board will reduce the excess land rate to \$20.00 per square foot which results in a value of \$365,400 for the excess land component of the assessment.

[21] Based on the above reasons, the subject property assessment is reduced to \$1,027,448 rounded to \$1,027,500.

Dissenting opinion and reasons

[22] There was no dissenting opinion.

Dated this 23rd day of May, 2012, at the City of Edmonton, in the Province of Alberta.

James Fleming, 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, RSA 2000, c M-26.

cc: SHAMROCK PROPERTY MANAGEMENT LIMITED