

July 4, 2012

**NOTICE OF DECISION
CARB 0302 - 01/2012**

Colliers International Realty Advisors Inc.
3555 Manulife Place
10180 – 101 Street
Edmonton, AB
T5J 3S4

Strathcona County
Assessment and Taxation
2001 Sherwood Drive
Sherwood Park, AB T8A 3W7

This is a decision of the Composite Assessment Review Board from a hearing held on June 19, 2012 regarding a complaint for:

Hearing #	Appellant/Owner	Property Description	Roll #	Assessed Value
C2012-10	Broadview GP Ltd.	Plan 0324322 Block 206 Lot 9 120, 270 Baseline Road Broadview Plaza	8206009002	4,891,000 REVISED 4,353,000

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act), and its Regulations.

Before:

Darryl Trueman, Presiding Officer
Susan Paul, Board Member
Tom Robert, Board Member

Board Officer: Maureen Shaw

Persons Appearing: Complainant

Stephen Cook, Colliers International
Greg Jobagy, Colliers International

Persons Appearing: Respondent

Treena Malishewski, Assessment & Tax
George Cosens, Assessment & Tax

PRELIMINARY MATTERS

There were no objections to the composition of the Board or the process to be followed as outlined by the Presiding Officer.

BACKGROUND

The subject property is a retail strip constructed in 2003 and containing 19,312 ft.² of leasable area, on a site 1.56 acres located along Baseline Road in Sherwood Park. There are a total of 8 CRU rental areas in one building and the site coverage is 28%.

ISSUE

Was the assessor justified in raising the lease rate, used in his assessment calculation, for the tenant "Fabricland", from \$12 a square foot to \$17 a square foot.

POSITION OF THE COMPLAINANT

The Complainant informed the panel that the assessor, in deciding to raise the rent of the "Fabricland" tenant to what the assessor deemed to be a typical rent had in fact applied a 30% increase, resulting in an overall 11% increase in assessment. The Complainant said that there had been no such increase in market rents in the corresponding assessment years and the actual rent for the tenant had remained at \$12 a square foot. This was the rate that the assessor had used in the preceding assessment year. He went on to say that there had been utterly no new leases upon which he could have supported his complaint or which the assessor could have supported his increase. The Complainant pointed out that the "Fabricland" tenant occupied 8,957 square feet of space in the building and that they were by far the largest tenant in terms of lease area. He said that this was further support for his contention that a lower market lease rate would be justifiable. The Complainant supplied calculations using his requested \$12 lease rate and all other assessment parameters unchanged supporting his requested assessment amount of \$4,353,000.

POSITION OF THE RESPONDENT

The Respondent pointed out that the subject tenant enjoyed prime customer visibility onto the busy and popular Baseline Road. It was further pointed out that the former years assessment was, unexplainably, below market value and that this year represented a correction. The Respondent presented three leases which were located on Wye Road and which commenced in the years 2007, 2008 and 2009. The lease rates ranged from \$15.50 to \$21 a square foot. The assessor added a 10% upward adjustment to the \$15.50 a square foot rate because the age of the property was some 12 years older than the subject. The average of these rates suggested \$18.83 a square foot. The Respondent opined that this was ample support for the new rate of \$17 a square foot applied for "Fabricland" at the subject property.

DECISION

The Complaint is granted and the assessment is reduced to \$4,353,000.

REASONS FOR THE DECISION

The CARB accepts the Complainant's assertion that there has been insufficient market information upon which to base a 30% lease rate increase in the respective timeframe. The panel also accepts the Respondent's position that year over year assessment corrections are in order. However, the Board was unable to find justification for the assessor to move from \$12 a square foot to \$17 a square foot based upon the comparables, together with the arbitrary adjustments, that it presented. Once the Complainant has established his case then it is necessary for the assessor to defend his assessment leaving no or, at the very least due to the nature of the task, little room for doubt.

Dated this 4th day of July, 2012 at Strathcona County, in the Province of Alberta.



Presiding Officer

1. Exhibit C1 Complainant Disclosure filed May 8, 2012
2. Exhibit R1 Respondents Disclosure filed June 4, 2012

Section 470(1) of the Municipal Government Act, RSA 2000, c.M-26 provides you the right to appeal this decision to the Court of Queens Bench on a question of law or jurisdiction. You must make your appeal within 30 days after you receive this notice of decision.

Copy to: Municipal Government Board