

**CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

**between:**

***Altus Group Ltd., COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***B. Horrocks, PRESIDING OFFICER***

***J. O'Hearn, MEMBER***

***D. Pollard, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>200768679</b>
<b>LOCATION ADDRESS:</b>	<b>11458 SARCEE TR NW</b>
<b>HEARING NUMBER:</b>	<b>59156</b>
<b>ASSESSMENT:</b>	<b>\$23,820,000</b>

This complaint was heard on the 17th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1

Appeared on behalf of the Complainant:

- Mr. K. Fong (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- Ms. S. Turner

**Board's Decision in Respect of Procedural or Jurisdictional Matters:**

None. The merit hearing proceeded.

**Property Description:**

The subject property is a 6.87 acre parcel located in the Sherwood community in NW Calgary, within what is commonly referred to as the Beacon Hills Power Centre. The site contains 3 buildings that were constructed in 2006 and are considered to be of B+ and B- quality. The buildings contain a total of 82,906 sq. ft. of rentable area consisting of 2 free standing banks, and one multitenant building that contains an anchor tenant (Michaels) and 2 CRUs.

**Issues:**

The Assessment Review Board Complaint form contained 7 Grounds for Appeal. At the outset of the hearing the Complainant advised that there were only 2 outstanding issues, namely:

1. The rental rates applied to the big box (20,000 – 70,000 sq.ft.) is neither fair nor equitable – a rate of \$15.00 psf should be applied.
2. The rental rate applied to CRU 6,000 – 19,999 sq.ft. are neither fair nor equitable – a rate of \$20.00 psf should be applied.

**Complainant's Requested Value:** \$19,720,000

**Board's Decision in Respect of Each Matter or Issue:**

**Issue** Rent Rate Anchor (Big Box)

The Complainant submitted Evidence Submission labelled C-1 and requested a change in the applied rent rate from \$20.00 to \$15.00 / sq. ft.

The Complainant, at page 26, provided the rent roll for the subject and noted that the lease for the only big box on the site, that was entered into in July of 2006, was for \$15.00 / sq. ft.

The Complainant, at page 48, provided the Altus Group Box Store Leasing Summary which contains 44 lease comparables from throughout the City with a median lease rate of \$15.00 / sq. ft. The leases range from 1997 to 2009.

The Complainant, at pages 358 thru 362, provided 2 Calgary CARB Decisions (2010) where the

rental rate for Anchor tenants in the same size category had been reduced to \$15.00 / sq. ft.

The Respondent submitted Assessment Brief labelled R-1

The Respondent, at page 15, provided 5 Lease Comparables from within the same Power Centre and noted the 2 most recent leases were for \$20.00 and \$23.00 / sq. ft respectively and that the median rent rate for the 5 leases was \$20.00 / sq. ft.

The Respondent, at page 16, provided 1 Equity Comparable (Anchor) from within the same Power Centre with an assessed rental rate Of \$20.00 / sq. ft.

The Board finds the lease comparables provided from throughout the City more compelling. The Board notes that the 44 leases are somewhat dated (all the way back to January 1997) and chose to review the most current leases (#2 thru #8) from within the base year (July 1, 2008 to June 30, 2009) and concluded that a rate of \$15.00 / sq. ft. reflects the market value for this size of space.

**Issue** Rent Rate CRU 6,000 – 19,999

The Complainant requested a reduction in the applied rent from \$23.00 to \$20.00 / sq ft.

The Complainant, at page 29, provided the ARFI for the property noting there was only 1 lease in this size category. The rent rate for that tenant is \$17.50 / sq. ft.

The Complainant, at page 452, provided Equity Comparables from Country Hills Power Centre noting that there were two properties with assessments of \$20.00 / sq. ft.

The Respondent, at page 14, provided 4 leases from within the same Power Centre with leases ranging from a low of \$19.00 to a high of \$25.00 / sq. ft. and 3 leases from within the Crowfoot Power Centre with leases of \$25.00, \$27.00 and \$28.00 / sq. ft. The median of all of the leases combined is \$25.00 sq. ft.

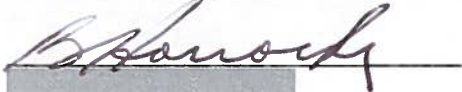
The Board finds a lack of evidence in this size category to support a change in the assessed rent, and the applied rent rate of \$23.00 is supported.

**Board's Decision:**

Substituting the \$15.00 / sq. ft. rent rate for the Big Box size category into the Income Valuation and retaining the same parameters for Vacancy (1% & 2%), Non Recoverables (1%) and Operating Costs (\$9.00 / sq. ft.) yields a Net Operating Income (NOI) of \$1,530,421 which when capitalized at 7.5% yields a Market Value of \$20,405,613.

The 2010 assessment is reduced to \$20,400,000.

DATED AT THE CITY OF CALGARY THIS 25<sup>th</sup> DAY OF November 2010.



**Presiding Officer**

*An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.*

*Any of the following may appeal the decision of an assessment review board:*

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

*An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to*

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*