

**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, Revised Statutes of Alberta 2000 (the Act).

between:

4246551 Canada Inc (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

R. Roy, MEMBER

T. Usselman, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 041021395

LOCATION ADDRESS: 6928 29 AV NW

HEARING NUMBER: 64208

ASSESSMENT: \$11,590,000

This complaint was heard on the 4th day of August, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *No Representative attended the hearing*

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

The Board waited until 9:15 am and then proceeded with the hearing in the absence of the representative of the Respondent. However, the Board did admit and consider the Respondent disclosure document, Exhibit R1, as noted in Appendix "A".

Property Description:

The subject property is a 6.85 acre parcel of land; improved with a Totem Building Supplies retail store and support facilities, in three separate buildings. The property includes 38,040 square feet (sf) of main retail space, 15,780sf of office space, and 18,780sf of storage space; for a combined total of 72,600sf of assessable space. The improvements were constructed in stages commencing in 1978 and concluding in 1993. The subject property was assessed using the capitalized income approach to value, applying the typical valuation factors for Jr. Big Box retail stores between 14,001 and 50,000sf in Calgary. The current total assessment is \$11,590,000(rounded), or \$159.64 per square foot (psf.).

Issues:

The Complainant identified the assessment amount and the assessment class as the reasons for the complaint. They argued that the current assessment exceeds market value, and is not equitable when compared to the assessed value of similar properties. Specifically, the Complainant requested that the rental rate for the main retail space be reduced to \$12 psf., from the assessed rate of \$17; and the office rate be reduced to \$11psf., from the assessed rate of \$15. All of the remaining typical valuation factors used to calculate the current assessments for Jr. Big Box retail stores from 14,001 to 50,000sf, were accepted.

Complainant's Requested Value: \$8,320,000(rounded) or \$114.60psf.

Board's Finding in Respect of Each Matter or Issue:**What are the Correct Rental Rates for the Main Floor Retail Space and Office Space on the Subject Property?:**

The Complainant noted that the subject property had been reclassified from free standing Retail Industrial/Warehouse/Office in 2010, to free standing Retail Jr. Big Box 14,001 to 50,000sf for 2011; resulting in a significant increase in assessed value year over year. The Complainant suggested that the increase was mainly a result of the rental rate increase from \$10 to \$17psf for the main floor retail space.

However, it is noteworthy that there are other differences in the year over year assessments for the subject property. For example, the 15,780sf of office space at \$15psf was not included in 2010; and the net operating income (NOI) was capitalized at 8% vs 7.5% in 2011. Given these, and other less significant differences in value factors, it is difficult to compare the year over year assessments for the subject property.

In support of the requested \$12psf rental rate for the main retail space the Complainant submitted thirteen (13) leases and equity assessments from free standing retail warehouse properties. In addition there was one free standing Jr. Big Box store lease and equity comparable in the same size range as the subject, but with no office space.

The Respondent countered with thirty (30) leases, and twenty(20) equity assessments of free standing retail Jr. Big Box stores in the same size range as the subject, and in support of the \$17psf assessed rate. There were also four (4) lease and ten(10) assessment equity comparables submitted in support of the \$15psf office rent rate.

The Board finds that the subject property is not similar to the lease and assessment equity comparable properties submitted by the Complainant. All of the comparables are located on much smaller parcels of land, and it is unclear if a significant office component is part of the assessable space.

The office space comparables submitted by the Complainant are also stand alone office buildings located on very small parcels, which is not similar to the circumstances of the subject property. The Board therefore finds insufficient evidence to alter the rent rates used to prepare the current assessment.

Board's Decision: The assessment is confirmed at \$11,590,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF SEPTEMBER 2011.



T. B. Hudson
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

| NO. | ITEM |
|------------|------------------------|
| 1. C1 | Complainant Disclosure |
| 2. C2 | Complainant Rebuttal |
| 3. R1 | Respondent Disclosure |

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 direct*

For MGB Administrative Use Only

| <i>Decision No.</i> | | <i>Roll No.</i> | | |
|---------------------|-------------|-----------------|---------------|--------------|
| <u>Subject</u> | <u>Type</u> | <u>Issue</u> | <u>Detail</u> | <u>Issue</u> |
| CARB | | | | |
| | | | | |