



## **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:**

**PRIME PROPERTIES INC. & IMMEUBLES PRIME INC.**  
**(as represented by Altus Group Ltd.), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**Earl K. Williams, PRESIDING OFFICER**  
**A. Huskinson, MEMBER**  
**A. Maciag, 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 2013 Assessment Roll as follows:

**ROLL NUMBER: 031016298**

**LOCATION ADDRESS: 3310 32 St NE**

**FILE NUMBER: 71433**

**ASSESSMENT: \$6,710,000**

This complaint was heard on 12<sup>th</sup> day of August, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- K. Fong Agent, Altus Group Ltd
- D. Main Agent, Altus Group Ltd

Appeared on behalf of the Respondent:

- T. Johnson Assessor, The City of Calgary

**Procedural or Jurisdictional Matters:**

[1] The Board was advised that the parties have agreed the rental rate for the restaurant pad will remain at \$32.00 per square foot (psf) and the assessment of \$6,710,000 recognizes this rental rate for the restaurant.

[2] No Procedural or Jurisdictional Matters were raised by the parties.

**Property Description:**

[3] The subject property at 3310 32 St NE is developed with two buildings comprising 40,791 square foot (sq. ft.) on 3.73 acres of land with a 1982/1993 approximate year of construction (ayoc) assigned a B and C+ quality rating in the community of Horizon with the Property Use: Commercial and Sub Property Use: CM0210 Retail – Shopping Centres – Strip. The subject property has a 2,200 sq. ft. PAD restaurant; a 3,556 sq. ft. car wash; 1,957 sq. ft. of CRU 0-1,000 sq. ft.; 3,631 sq. ft. of CRU 1,001-2,500 sq. ft., 18,923 sq. ft. of CRU 2,501-6,000 sq. ft.; 6,839 sq. ft. of CRU 6,001-14,000 sq. ft. and 3,685 sq. ft. identified as poor location.

[4] The assessment was prepared on the Income Approach with a capitalization rate (cap rate) of 6.75%; a market rental rate of \$32.00 psf for the restaurant; \$13.50 psf for the car wash; \$16.00 psf for the CRU 0-1,000 sq. ft.; \$15.00 psf for the CRU 1,001 – 2,500 sq. ft.; \$14.00 psf CRU 2,501-6,000 sq. ft.; \$11.00 psf for the CRU 6,001-14,000 sq. ft. and \$7.00 psf for the poor location. A vacancy rate of 12.50% is applied to the subject property.

**Issues:**

[5] Should the subject property assessed on the Income Approach be adjusted to recognize the chronic vacancy from the assessed allowance of 12.5% to 25%?

**Complainant's Requested Value: \$5,060,000**

**Board's Decision:**

[6] Based on the evidence and arguments presented the Board supports that the application of a 25% adjustment for chronic vacancy.

[7] The assessment is reduced to \$5,060,000.

**Position of the Parties**

[8] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[9] The Complainant's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the Property Assessment Notice, the City of Calgary 2013 Property Assessment Summary Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, documentation of the historic vacancy of the subject property, and a number of previous decisions.

[10] The Respondent's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the Property Assessment Notice, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, the Assessment Request for Information (ARFI) for 2012, 2011, 2010, 2009 and a schematic layout of the units.

[11] As noted above, both parties placed a number of Assessment Review Board and Municipal Government Board decisions before this Board in support of their position. These decisions were made in respect of issues and evidence that may however be dissimilar to that before this Board.

**Issue – Vacancy****Complainant's Position:**

[12] The Complainant reviewed with the Board a table titled Horizon Auto Centre – Documenting the Chronic Vacancy Challenges on page 49 of Exhibit C1. This table summarized the detailed information presented on pages 40 – 48 Exhibit C1.

[13] The following table presents the annual vacancy for the period 2008 to 2012.

Rent Roll Date	Leased Area	Vacant Area	Total Leasable Area	Vacancy
Dec. 2012	27,956 sq. ft.	12, 835 sq. ft.	40,791 sq. ft.	31.47%
Aug. 2011	26,402 sq. ft.	14,389 sq. ft.	40,791 sq. ft.	35.27%
Dec. 2010	26, 402 sq. ft.	14,389 sq. ft.	40,791 sq. ft.	35.27%
Dec. 2009	29,314 sq. ft.	11,477 sq. ft.	40,791 sq. ft.	28.14 %
Dec. 2008	34,185 sq. ft.	6,606 sq. ft.	40,791 sq. ft.	16.19%
<b>Median</b>				<b>31.47%</b>
<b>Mean</b>				<b>29.27%</b>

[14] In summary the Complainant argued that the evidence demonstrates the chronic nature of the vacancy that exists with the subject property which needs to be recognized.

**Respondent's Position:**

[15] The Complainant reviewed with the Board a table titled Horizon Auto Centre – Corrected Vacancy on page 49 of Exhibit R1. This table summarized the detailed information presented in the ARFI filed for 2009, 2010, 2011 and 2012 as well as the 2008 Tenant Roll presented on pages 23 – 48 Exhibit R1.

[16] The following table presents the information referenced in paragraph [15]:

Source	Vacancy (%)
2008 Rent Roll	13.0
April 2009 ARFI	0.00
March 2010 ARFI	23.0
August 2011 ARFI	35.0
July 2012 ARFI	19.0
Median	19.0%

[17] The Board noted that the above table which is on page 49 of Exhibit R1 reports the March 2010 ARFI vacancy to be 23.0% whereas the March 2010 ARFI on page 37 of Exhibit R1 reported the vacancy as 27.86%. The Board has decided to accept the table as presented on page 49 of Exhibit R1 as the impact on the analysis is only 1%.

[18] In summary the Respondent does not dispute that there is issue of vacancy with this property, however this is recognized with the 12.5% vacancy rate factor applied in the calculation of the assessment. The vacancy challenge with the subject property it is not a chronic vacancy.

**Board's Reasons for Decision:**

[19] Based on the evidence the Board prepared the following table to compare the respective positions on vacancy:

Year	Respondent Vacancy	Complainant Vacancy
2008	13.0%	16.19%
2009	0.0%	28.14%
2010	23.0%	35.27%
2011	35.0%	35.27%
2012	19.0%	31.47%
Mean	18.0%	29.27%

[20] Based on the data in the above table the mean vacancy rate for 2010, 2011 and 2012 for the Respondent data would be 25.67% and for the Complainant data would be 34.00%.

[21] The evidence and arguments presented demonstrate that the subject property has experienced a vacancy problem for a number of years which repeatedly exceeds the vacancy rate factor of 12.5% applied in the Income Approach. To recognize the on-going vacancy the subject property will be assigned a 25.0% vacancy factor.

DATED AT THE CITY OF CALGARY THIS 5<sup>th</sup> DAY OF November 2013.

Earl K. Williams

Earl K. Williams

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
	Subject Property Disclosure
2. C2	Complainant Disclosure
	Strip Centre CRU Spaces Rental
3. C3	CARB Decisions
4. 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 directs.*

**FOR ADMINISTRATIVE USE**

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	RETAIL	Shopping Centres-Strip	Income Approach	Vacancy