

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:

The Toronto Dominion Bank (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

B. Horrocks, PRESIDING OFFICER

J. Rankin, BOARD MEMBER

J. Pratt, BOARD 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:	101037703
LOCATION ADDRESS:	500 58 AV SE
FILE NUMBER:	72305
ASSESSMENT:	\$3,730,000

This complaint was heard on the 30th day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8

Appeared on behalf of the Complainant:

- D. Main (Altus Group Ltd.)
- B. Neeson (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- A. Hendrata (City of Calgary)

Observer: M. Donea

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

- [1] There were no concerns with the board as constituted.
- [2] The parties have visited the site.
- [3] The parties have discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.

Property Description:

[5] The subject property is a 0.59 acre parcel located in the Manchester Industrial community in SE Calgary. The site is improved with a 9,200 square foot (sf) freestanding Bank, that was constructed in 1980 and is classified as "B" quality. The subject is assessed using the Income Approach to value, with net operating income (NOI) capitalized at the rate of 7.00%.

Issues:

[6] An "assessment amount" and "an assessment class" were identified on the Assessment Review Board Complaint Form as the matters that apply to the complaint. At the outset of the hearing, the Complainant advised that there was one outstanding issue, namely: "The assessed rental rate for 'Retail Bank' space at the subject should be no higher than \$30 psf".

Complainant's Requested Value: \$2,920,000 (Complaint Form)
\$3,490,000 (Hearing)

Board's Decision:

[7] The 2013 assessment is reduced to \$3,490,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000, Section 460.1:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection(1)(a).

MGA requires that:

293(1) In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that:

2 An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

4(1) The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

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

Issue: What is the market net rental rate for freestanding, "B" quality Bank space, to be used in the Income Approach to value, to determine the market value for assessment purposes?

Complainant's Position:

[8] The Complainant's Disclosure is labelled C-1.

[9] The Complainant, at page 44, provided a table titled, 2013 Altus Group's 'B' Quality Retail Bank Analysis. The table contains details of 15 leases with start dates in the period January 1, 2010 to July 1, 2012. The lease rates range from \$20.00 to \$43.00 psf and the median lease rate is \$30.00 psf. The Complainant requested the rate of \$30.00 psf be applied to the assessment.

[10] The Complainant, at page 47, provided a table titled, 2013 Bank Rate Study Summary, noting the Citywide Rate for A Quality is \$42.00 psf, for B Quality is \$32.00 psf, for C Quality is \$27.00 psf and for Power Centres is \$37.00 psf.

[11] The Complainant, at page 52, provided a list titled, Physical & Economic Characteristics/ Quality Classification. The list is used to determine the Quality classification for Banks and includes: Location, Physical condition, Building functionality, Year of construction, Total Net Rentable Area, Type and quality of construction, Building tenant amenities and Rental Rates Achieved.

[12] The Complainant, at page 56, reproduced the table titled, 2013 Altus Group's 'A' Quality Retail Bank Analysis. The table contains 2 additional columns labelled "Reported Quality" and "City Bank Study Quality". The Complainant noted there are 9 properties where the "Reported Quality"(as it appears on the City website) differs from the "City Bank Study Quality". The Complainant, at page 57, provided an example for 5149 Country Hills BV NW, where there are 6 buildings on a Community Shopping Centre site and all but one are classified as A- quality. A website user is somehow supposed to know that the "B" classified building is a Bank. The Complainant, at page 58, provided a further example for 1919 Southland Dr SW, where the Neighbourhood Shopping Centre is classified "A2" quality, but the Bank is included in the City's "B" Quality Bank Study.

[13] The Complainant, at page 76, reproduced the table titled, 2013 Altus Group's 'B Quality' Retail Bank Analysis. The table contains the same 2 additional columns as noted in the paragraph above. The Complainant submitted that it used only those leases that were reported as "B" quality in its analysis, while the Respondent used leases that were "A" quality, "B" quality and "C" quality in its analysis.

[14] The Complainant submitted C-2, which contains a revised requested assessment of \$3,490,000, calculated using a market net rental rate of \$30.00 psf.

Respondent's Position:

[15] The Respondent's Disclosure is labelled R-1.

[16] The Respondent, at page 30, provided 3 tables. Table 1 is identified as 'C' Quality Banks the Complainant uses as 'B' Banks". Table 2 is identified as "Remaining 'B' Banks" and table 3 is identified as 'A' Banks the Complainant uses as a 'B' Bank". The Respondent submitted that the 6 leases that are identified as 'C' quality with a median lease rate of \$27.00 psf are all typically lower than those identified as "Remaining 'B' Banks", with a median lease rate of \$32.50 psf.

[17] The Respondent, at page 342, provided a table titled, 2013 Bank Lease Analysis: B Quality. The table contains details of 16 leases with start dates in the period October 1, 2010 to January 1, 2012. The lease rates range from \$27.00 to \$38.00 psf and the median lease rate is \$32.25 psf. The Respondent noted the subject is assessed at the rate of \$32.00 psf.

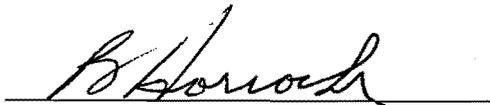
Board's Reasons for Decision:

[18] The Board finds the approach taken by the Complainant is consistent and reasonable. The Complainant has merely taken the information with respect to classification as reported on the City web site, attached the corresponding leases and analyzed them to produce a result that is reasonable. Conversely, the Respondent's classification process is not transparent and produces inconsistent results.

[19] The market net rental rate to be applied to the 'B' quality Bank Space is \$30.00 psf.

[20] It is suggested that if 'Banks' were clearly identified together with their classification, on the Property Assessment Summary Report, as prepared by the City of Calgary, a lot of confusion and miscommunication could be avoided.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF November 2013.



B. Horrocks

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Revised Request

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 Only

Property Type	Property Sub-Type	Issue	Sub-Issue
Retail	Stand Alone	Income Approach	Rental rate