



## **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:

***Glenmac Corporation LTD. (as represented by Altus Group Limited), COMPLAINANT***

and

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

before:

***T. Golden, PRESIDING OFFICER***  
***R. Deschaine BOARD MEMBER***  
***D. Julien 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: 148055304**

**LOCATION ADDRESS: 380 Canyon Meadows Dr SE**

**FILE NUMBER: 73141**

**ASSESSMENT: \$13,700,000**

This complaint was heard on the 8<sup>th</sup> day of October, 2013 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:

- *K. Fong, D. Main*

Appeared on behalf of the Respondent:

- *G. Jones*

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

- [1] There were no preliminary issues.

**Property Description:**

[2] The subject is a B+ quality retail commercial strip mall located on a 4.98 acre parcel. The structures were constructed in 1988. The assessment was prepared using the Income Approach to valuation. The rental rates are in question in the complaint and all other inputs in the Income calculation are not in dispute.

**Issues:**

**Issue 1:** In the CRU categories of; 0 to 1000 sq. ft., the 1001 to 2500 sq. ft. and finally the 2501 to 6000 sq. ft. have the correct rental rates have been applied?

**Complainant's Requested Value: \$12,930,000**

**Board's Decision;** The assessment is confirmed at **\$13,700,000**

**Board's Decision on issue 1:** In the CRU categories of; 0 to 1000 sq. ft., the 1001 to 2500 sq. ft. and finally the 2501 to 6000 sq. ft. the correct rental rates have been applied.

**Position of the Parties**

**Complainant's Position:**

[3] The Complainant's position is that the CRU size 0 to 1000 sq. ft. should have a rental rate of \$22.00 per sq. ft. rather than the assessed \$24.00 per sq. ft., CRU areas of 1001 to 2500

sq. ft. should have a rental rate of \$21.00 rather than the assessed \$23.00 per sq. ft. and the CRU areas 2501 to 6000 sq. ft. should have a rental rate of \$21.00 per sq. ft rather than the assessed \$22.00 per sq. ft.

[4] With each of the tables of leases submitted in support of the various rental rate requests the Complainant used leases from retail strip malls in closer proximity to the subject and more similar than the Respondent comparables. These leases were much more representative of the subject.

[5] With respect to CRU 0 to 1000 sq. ft area the Complainant presented a table of 8 leases (pg.32 C-1) from strip malls in relatively close proximity to the subject. The table shows a mean \$21.83 per sq. ft. and median of \$22.00 per sq. ft. demonstrating the subject is over assessed and supports the requested rental rate.

[6] In the CRU area category 1001 to 2500 sq. ft. a table of 5 leases ( pg. 33 C-1) were provided to the Board. The data had a mean value of \$21.00 per sq. ft. and median value of \$21.00 per sq. ft. supporting the requested assessment.

[7] CRU area category 2501 to 6000 sq. ft. a table of 1 lease (pg. 34 C-1) is at \$21.00 per sq ft. supporting the requested rental rate.

[8] These rental rates together with the bank rate argument are used in the new income calculation on pg. 119 C-1 and result in the requested \$6,480,000 assessment.

[9] The rebuttal C-1 provided by the Complainant was largely intended to suggest to the Board that one factor can be changed in an income calculation and that the Board could choose to adjust the rental rates and leave all the other inputs the same.

[10] C-3 rebuttal points out that the leases presented by the Respondent for the category 2501 to 6000 sq. ft. are for a different property type and not applicable.

### **Respondent Position**

[11] The Respondent defended the assessment rental rates for CRU areas 0 to 1000 sq. ft. by presenting a table of 13 leases (pg. 29 R1) in which they added 5 leases that the Complainant had left out of their tables. With the additions the average rent rate of the leases is \$24.05 per sq. ft. and the median is \$23.00 per sq. ft. which supports the assessment.

[12] 1001 to 2500 sq. ft. CRU category was supported producing a table of 9 lease rates on pg. 30 R-1 in which they added 4 leases that the Complainant had left out of their tables. With the additions the average rent rate of the leases is \$23.03 sq. ft. and a median of \$23.00 per sq. ft. which supports the assessment rental rate.

[13] With the CRU rates of categories 2501 to 6000.sq. ft. the Respondent added 2 leases left out by the Complainant in a table on pg. 31 of R-1. With the additions the average is \$22.67 per sq. ft. and a median of \$22.00 per sq. ft. supporting the assessment. However the Respondent agrees with the Complainant that 2 of the leases are not useful as they are a different property type.

[14] The Respondent suggested that if the rental rates change the net operating income (NOI) changes in an income approach then the cap rate must change.

**Board's Reasons for Decision on issue 1:**

[15] The Board finds that in each category the Respondents information is more complete and although the leases may be from a somewhat wider area they are more indicative of the market. The Complainant provided weak arguments regarding the exclusion of some leases. In general the Board placed more weight on the Respondents position.

[16] In particular in the case of the 0 to 1000 sq. ft CRU areas the results of the calculation using all the leases supports the assessment.

[17] With respect to 1001 to 2500 CRU rental rates the Board finds that the Respondent's lease table presents a better representation of the leases and the analysis supports the assessment. The Board also finds range of rents between \$20.00 per sq. ft. to \$27.00 per sq. ft. which includes both the assessment and the requested rent rate, however, the Respondent's position is strengthened as the most recent leasing supports the assessed rent rate. Two leases signed in 2012 have an average rental rate of \$24.50 per sq. ft. and the assessed rate is \$23.00 per sq. ft.

[18] With the 2501 to 6000 sq. ft. CRU rates both parties evidence is weak. Both parties used the same comparables however the conclusions were different. The Board has insufficient evidence to overturn the rental rate used in the assessment.

[19] Since the Board has not accepted the rental rates requested the issue of changing one input to the income calculation is not applicable in the decision.

DATED AT THE CITY OF CALGARY THIS 28<sup>th</sup> DAY OF November 2013.



Tom Golden

Presiding Officer

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

| <b>NO.</b> | <b>ITEM</b>            |
|------------|------------------------|
| 1. C1      | Complainant Disclosure |
| 2. C-2     | Complainant Rebuttal   |
| 3. C-3     | Complainant Rebuttal   |
| 2. 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.*

| <b>Roll</b> | <b>Address</b>           | <b>Subject</b> | <b>Issue</b> | <b>Detail</b> | <b>Sub Detail</b> |
|-------------|--------------------------|----------------|--------------|---------------|-------------------|
| 148055304   | 380 Canyon Meadows Dr SE | Strip mall     | Income       | Rental rate   |                   |