

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

between:

Altus Group Ltd, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Earl K Williams, PRESIDING OFFICER
Ray Deschaine, MEMBER
Jim Rankin, MEMBER***

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

ROLL NUMBER: 201335072

LOCATION ADDRESS: 914 11 St SE

HEARING NUMBER: 57589

ASSESSMENT: \$3,900,000

This complaint was heard on the 16th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- S. Sweeny-Cooper

Appeared on behalf of the Respondent:

- K Gardiner and N Hannay

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

No Preliminary, Procedural or Jurisdictional Matters.

Property Description:

The property is a 20,823 square foot (sq ft) stand alone Retail Store (Classified as a CM0201 Retail Store – Stand Alone) on a 33,369 sq ft. (.77 acre) site in Inglewood. The building was built to suit in 2000 the tenant, Kane's Cycle Shop, and is a two storey with a partial second floor and surface parking. The components of the 20,283 sq ft are:

- Main Floor – 11,365 sq ft
- Second Floor – 7,308 sq ft
- Main Floor Storage – 2,150 sq ft

Issues:

The Complainant advised that they accepted all of the coefficients utilized in the Income Approach with the exception of the rental rate for the main and second floor. Specifically the issues are:

- Main Floor Retail: the assessed rental rate should be reduced from \$20.00 psf to \$18.00 psf.
- Second Floor: the area of 7,308 sq ft should be treated as follows:
 - 4,385 sq ft – Retail with the assessed rental rate reduced from \$14.00 psf to \$10.00 psf.
 - 2,923 sq ft – walkway with the assessed rental rate reduced from \$14.00 psf to \$3.00 psf.

Complainant's Requested Value:

\$3,040,000

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

Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence in respect of the issue.

Second Floor

The complainant's evidence included interior photographs (pages 16-19) of the property which showed the main and second floor. In terms of the second floor the complainant's commentary focused on 2,923 sq ft which is open to the main floor and in the complainant's view should be

treated as a mezzanine style walkway and not as a retail area. An examination of the presented photos shows that this part of the second floor is used to display motorcycles.

In support of the second floor area being classified as a mezzanine with a reduced rental rate the Complainant presented as evidence an Income Approach Valuation page for each of 35 comparables (Evidence package Addendum Three page 39 – 73) which reported mezzanine space with a market rental rate of \$1.00 psf. The comparables presented included grocery stores, shopping centres and other retail properties. The total square footage of each of the comparables was at least three times larger than the subject's 20,823 square foot (sq ft) stand alone retail store. Of the 35 comparables: 4 reported mezzanines of greater than 2,000 sq ft while the remaining 31 reported mezzanines with areas of less than 2,000 sq ft.

In summary the Complainant's position is the second floor space is not used for retail and based on the presented comparables the rental rate should be reduced.

The Respondent addressed the issue of the second floor/mezzanine space by presenting a Mezzanine Lease Analysis of Auto Dealerships (pages 18 – 58 of the evidence material) in different quadrants of the City. Although the evidence was not summarized into a single table, a review of the evidence determined: that the areas of the mezzanine with one exception were in range of 5,000 to 9,000 sq ft with rental rates ranging from \$15.95 psf to \$35.00 psf.

Board Decision

Based on the interior photos of the subject property, the Respondent's Mezzanine Lease Analysis of Auto Dealerships as respective comparables the Board decided that the Mezzanine space was utilized for retail purposes and the Respondent's rate of \$14.00 psf was applicable to the full 7,308 sq ft of the second floor.

Main Floor Retail Rental Rate:

The Complainant presented no lease comparables in support of the requested \$18.00 psf rental rate. In terms of the assessed value the Complainant's commentary and evidence focused on the 2010 property assessment expressed as per square foot (psf) for comparables in Inglewood. Further the Complainant advised that when considering comparables the subject is not located on 9 Ave SE which is the primary retail avenue in Inglewood but is located on 11 St SE between 9 and 10 Avenue. The Complainant presented (Evidence package Addendum One pages 29 – 34) 4 equity comparables, 3 on 9 Ave SE and 1 on 11 St SE. Further 3 of the comparables were stand alone retail properties and 1 was located in a retail strip. The median 2010 assessment for the comparables was \$93.94 psf compared to \$116.87 psf for the subject.

Board Decision

Based on the evidence presented the Board confirmed the Main Floor Retail at \$20.00 psf.

Board's Decision:

Assessment Confirmed as \$3,900,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF August, 2010.


Earl K Williams
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.*