

**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, Section 460(4).

between:

Altus Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

J. Pratt, MEMBER

K. Kelly, MEMBER

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

ROLL NUMBER: 148055502

LOCATION ADDRESS: 13226 MacLeod Trail SE

HEARING NUMBER: 59747

ASSESSMENT: \$37,410,000

This complaint was heard on 20th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *Mr. K. Fong*

Appeared on behalf of the Respondent:

- *Ms. B. Duban*

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

The parties indicated, at the commencement of the hearing, that there were corrections for the subject property's areas and rates (Exhibit R1 page 1) based on the Assessment Request for Information that the City received in 2010 as follows:

- CRU 2501 < 6000 was corrected from 10,896 sq. ft. to 9,850 sq ft;
- CRU >6000 was corrected from 46,716 sq ft to 56,905 sq ft and the net market rental rate was reduced from \$22.00 psf to \$12.00 psf;
- The office component was corrected to reflect \$18.00 psf net market lease rate as opposed to \$20.00;
- The Restaurant Dining Lounge was corrected from 11,136 sq ft to 5,993 sq ft;
- The storage space of 3,524 sq ft as well as all remaining excess space from the above calculations was absorbed into the CRU >6000 space.

The Board notes that the theatre space (41,456 sq ft), the CRU 1000< 2500 sq ft (3,043 sq ft) and the office space (35,516 sq ft) remains unchanged. Based on these corrections, the Board accepts the recommended value of \$29,893,000. However the Complainant indicated that he would still be proceeding with the case on the basis that a further reduction was warranted.

The Board notes that matters #3 assessment and #4 assessment class were checked on the complaint form, however, the only matter that was before the Board was the assessment.

Property Description:

The subject property is a neighbourhood shopping centre, Canyon Meadows Centre, located in the community of Lake Bonavista. It is comprised of 142,770 sq ft constructed in 1992 and another addition comprised of 9,517 sq ft. constructed in 1998. The shopping centre is situated on a 9.99 acre parcel of land. It has an A2 quality rating.

Issues: (as indicated on the complaint form)

1. The assessed rental rate applied to the subject property's CRU space should be between \$14 and \$23 per sq ft.
2. The assessed vacancy rate applied to the subject property should be increased to 9%.

Complainant's Requested Value: \$29,120,000

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

The Board notes that there were several statements on the appendix to the complaint form that was filed indicating why the assessment for the subject property was incorrect. However the only issues raised at the hearing were in regards to rental rates and vacancy.

The assessed rental rate applied to the subject property's CRU space should be between \$14 and \$23 per sq ft.

The Complainant is seeking a reduced market net rental rate for the subject property from \$27.00 to \$22.00 for CRU 1000 < 2500 sq ft (3,043 sq ft) and a reduced market net rental rate from \$26.00 to \$21.00 for CRU 2501 < 6000 sq ft (13,434 sq ft) (Exhibit C1 page 40). The Complainant relied on the rent roll for the subject property for these rates (Exhibit C1 pages 25-27). The Board placed little weight on the rent roll for the subject property as it noted that the commencement dates for these leases were quite dated, some had originated in 1998.

The Respondent submitted lease rates of five comparable properties, four of which are located on MacLeod Trail, and are similar in size to the subject property's CRU 1001-2500 sq ft. The lease rates ranged from \$22.00 to \$30.00 psf for a median of \$27.00 psf (Exhibit R2 page 65). The Respondent provided lease rates of five comparables for the subject property's CRU 2501 < 6000 sq ft, three of which were located on MacLeod Trail. The lease rates ranged from \$21.00 to \$28.25 psf for a median of \$26.00 psf (Exhibit R2 page 66). The Board noted that three of these comparables are somewhat smaller than the subject property's CRU 2501 < 6000 sq ft.

The Board finds that the issue of accessibility on MacLeod Trail a key factor in this case. The Board placed little weight on the Complainant's comparables as some of them had no access or exposure to MacLeod trail. The Board was not convinced by the list of thirty seven leasing comparables as provided by the Complainant as it was comprised of a wide array of Shopping Centres, locations and lease rates (Exhibit C1 page 46). The Board preferred the 10 lease comparables as provided by the Respondent because they were more recent, were similar in size as the subject property's CRU spaces and in location. The Board is satisfied that these lease rates clearly supported the lease rates of \$27.00 psf and \$26.00 psf respectively for the subject property.

The assessed vacancy rate applied to the subject property should be increased to 9%.

The Complainant advised the Board that he was seeking a vacancy rate of 11% for the subject property; however, based on a series of recent board decisions confirming the City of Calgary's vacancy rate of 2%, he indicated that he would not be pursuing the matter at the hearing.

Board's Decision:

The decision of the Board is to reduce the assessment for the subject property from \$37,410,000 to \$29,893,000 for the 2010 assessment year.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF August 2010.


Lana J. Wood
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.*