

**CITY OF CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of a complaint filed with the City of Calgary Assessment Review Board pursuant to Part 11 of the *Municipal Government Act*, Chapter M-26, Revised Statutes of Alberta 2000 (the Act).

BETWEEN:

Altus Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

BEFORE:

J. Krysa, *PRESIDING OFFICER*

I. Zacharopoulos, *MEMBER*

H. Ang, *MEMBER*

A hearing was convened on July 22, 2010 in Boardroom 4, at the office of the Assessment Review Board, located at 1212 - 31 Avenue NE, Calgary, Alberta in respect of the property assessment prepared by the assessor of the City of Calgary, and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	101016509
LOCATION ADDRESS:	6624 Centre Street SE
HEARING NUMBER:	58950
ASSESSMENT:	\$13,210,000

PART A: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

The subject property is a 157,589 square foot (sq.ft.) parcel of land, improved with a 68,020 sq.ft. retail complex constructed in 1965 with a major addition in 1975, with paved surface parking and located at the intersection of Glenmore Trail and Centre Street SE.

PART B: PROCEDURAL or JURISDICTIONAL MATTERS

There were no procedural or jurisdictional matters raised by the parties.

PART C: MATTERS / ISSUES

The Complainant raised the following matters in section 4 of the complaint form:

3. an assessment amount
4. an assessment class

At the commencement of the hearing, the Complainant withdrew matter 4, and indicated that the evidence and submissions would only apply to matter number 3, an assessment amount. The Complainant set out 11 reasons for complaint in Section 5 of the Complaint form, however, at the hearing, the Complainant stated only the following issues remained in dispute:

Issue 1: Recognize the appropriate market rent to be applied to the CRU (commercial retail unit) spaces for the subject property.

Issue 2: Recognize the vacancy issue for the subject and assign a 9% vacancy allowance to address equitable treatment with other older retail properties

The Complainant requested an assessment of \$11,250,000. (Revised from \$11,120,000 [C1])

Issue 1: Recognize the appropriate market rent to be applied to the CRU (commercial retail unit) spaces for the subject property.

The Complainant submitted an analysis of recent leases signed within the subject property to demonstrate that the contract rent rates have declined by 32.91% between 2008 and 2009, and that recent leases commencing in 2009 averaged \$11.87 per sq.ft. Notwithstanding this evidence, the Complainant argued that the overall assessed market rent for the basic CRU space should not exceed \$16.00 per sq.ft. in contrast to the current assessed market rent rates of \$18.00 and \$19.00 per sq.ft. [C1 pgs 27 and 35].

In support of the current assessed market rates of \$18.00 and \$19.00 per sq.ft. the Respondent provided a summary of 9 SE quadrant, retail leases commencing from October 2008 to March 2010 to establish a range of rental rates from \$17.00 to \$20.00 per sq.ft. [R1 pg 17]

Decision - Issue 1

The Board finds that the market rent rate coefficients of \$18.00 and \$19.00 represent typical market rents for the subject property.

The Complainant's lease analysis of "contract" rents from the subject property was of limited value to the Board in determining typical market rent rates for retail properties, whereas the Respondent's lease comparables illustrate a range of rental rates that support the typical market

rent rate coefficient used in the preparation of the assessment.

With respect to the Complainant's argument that the Board is not restricted to the legislated requirement of mass appraisal, and that only the assessor must follow the legislated standards, this Board concurs with the comment of the Municipal Government Board in MGB 080/05 found at page 25 of Exhibit R1, "the MGB must apply the valuation standard of market value as required by the Act and the Regulation."

Issue 2: Recognize the vacancy issue for the subject and assign a 9% vacancy allowance to address equitable treatment with other older retail properties

The Complainant submitted the assessment calculations of a number of retail properties in south Calgary exhibiting a 9% vacancy allowance, and argued that the subject, with a 7% allowance is inequitably and unfairly assessed in relation to these properties. [C1 Addendum 2] Also provided was a rent roll summary, indicating approximately 9,000 sq.ft. of vacant space within the subject property. The Complainant argued that the subject has had a history of higher than typical vacancy due to its location at the foot of the exit ramp of Glenmore Trail.

The Respondent submitted a summary of 12 assessment comparables that were assessed with a 7% vacancy allowance in the SE quadrant of the municipality, and argued that the Complainant's comparables with 9% vacancy allowances were all located in the SW market area. [R1 pg 16]

Decision - Issue 2

The Board finds that the vacancy allowance of 7% is equitable with other similar and like properties.

The Respondent's comparable assessments illustrate that a 7% vacancy allowance has been awarded in an equitable manner throughout the SE market area. The Complainant's examples from the SW market area, are not comparable to the subject with respect to location, and therefore do not demonstrate a valid inequity.

With respect to the vacancy information in the rent rolls provided by both parties, there was no evidence to enable the Board to ascertain the duration of any of the vacancies.

PART D: FINAL DECISION

The assessment is confirmed at \$13,210,000.

Dated at the City of Calgary in the Province of Alberta, this 25 day of August, 2010.



J. Krysa,
Presiding Officer

APPENDIX "A"**DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
1.	Exhibit C1 Complainant's Brief
2.	Exhibit R1 Respondent's Brief

APPENDIX "B"**ORAL REPRESENTATIONS**

PERSON APPEARING	CAPACITY
1. D. Genereux	Representative of the Complainant
2. K. Gardiner	Representative of the Respondent

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.*