

**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***

***A. Zindler, MEMBER***

***S. Rourke, MEMBER***

A hearing was convened on July 6, 2010 in Boardroom 8 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:

<b>ROLL NUMBER:</b>	<b>200076255</b>
<b>LOCATION ADDRESS:</b>	<b>1323 Centre St NW</b>
<b>HEARING NUMBER:</b>	<b>59416</b>
<b>ASSESSMENT:</b>	<b>\$4,350,000</b>

**PART A: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT**

The subject property is a 37,783 square foot (sq.ft.) parcel of land improved with a 15,469 sq.ft. multi-tenant retail building constructed in 1972, and asphalt surface parking.

**PART B: PROCEDURAL or JURISDICTIONAL MATTERS**

The Assessment Review Board derives its authority under Part 11 of the Act. No specific jurisdictional or procedural matters were raised during the course of the hearing.

**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 17 reasons for complaint in Section 5 of the Complaint form, however, the Complainant stated only the following issues, condensed from the reasons in Section 5 of the complaint form, were in dispute:

Issue 1: The total assessed area of 17,823 sq.ft. is in error and is not supported by the rent roll.

Issue 2: The assessed rate of \$16.00 per sq.ft. applied to the office space is in error as the quality of the space is mezzanine, not typical of office space for the area.

Issue 3: The subject property should be classified as a strip shopping centre with an 8% vacancy allowance and an 8.25% capitalization rate should be applied.

The Complainant submits that a correct assessment value is \$3,300,000 [C1 pg 3].

**Issue 1:** The total assessed area of 17,823 sq.ft. is in error and is not supported by the rent roll.

The Complainant submitted that the subject property contains a total rentable area of 15,469 sq.ft. based on the current rent roll. The Respondent agreed that a correction was in order.

**Decision- Issue 1**

The Board accepts the parties' agreement regarding the correct building area.

**Issue 2:** The assessed rate of \$16.00 per sq.ft. applied to the office space is in error as the quality of the space is mezzanine, not typical of office space for the area.

The Complainant submitted that the upper floor office area is of lower quality with a lack of window area, and an appropriate market rent would be \$10.00 per sq.ft. The Respondent agreed that a market rent of \$10.00 per sq.ft. would be appropriate for this space.

**Decision - Issue 2**

The Board accepts the parties' agreement regarding the market rent of \$10.00 to be applied to the upper floor office area.

**Issue 3:** The subject property should be classified as a strip shopping centre with an 8% vacancy allowance and an 8.25% capitalization rate should be applied.

The Complainant submitted that the Assessor has stratified retail properties with 4 or more commercial retail units (CRU's) as "strip" shopping centres, and has applied an 8% vacancy allowance and an 8.25% capitalization rate in the preparation of their assessments; therefore the subject should be awarded similar allowances. A number of equity examples were included as comparables [C1 pgs 27-41].

The Respondent argued that although the criteria (4 or more CRU's) was applied for other properties, the format and design of the subject was that of a freestanding retail building, and the strip shopping centre allowances were not appropriate in this instance.

**Decision - Issue 3**

The Board finds that the current vacancy allowance of 4% and the current capitalization rate of 8% are appropriate for the subject property.

Although the Board does not accept the Respondent's criteria of a strip shopping centre stratification based on only the number of CRU tenants, in this instance the Assessor chose not to accept his or her own stratification criteria.

The Board finds that the subject does not compare well with the strip shopping centres provided by the Complainant, which appear to have a number of linear CRU "bays" between, or adjacent to a junior anchor tenant, and are more typical of 1970's era structures. It would be expected that the CRU's in these types of improvements would suffer a higher typical vacancy rate than that of the subject, which is indistinguishable from individual retail structures. The Respondent's equity comparables along Centre Street were found to be similar to the subject [R1 pg 17].

**PART D: FINAL DECISION**

The assessment is revised from \$4,350,000 to \$3,630,000.

Dated at the City of Calgary in the Province of Alberta, this 11 day of August, 2010

  
J. Krysa  
Presiding Officer

**APPENDIX "A"****DOCUMENTS RECEIVED AND CONSIDERED BY THE COMPOSITE ARB:**

<b>NO.</b>	<b>ITEM</b>
1.	Exhibit C1
2.	Exhibit R1
	Complainant's Brief
	Respondent's Brief

**APPENDIX 'B'****ORAL REPRESENTATIONS**

<b>PERSON APPEARING</b>	<b>CAPACITY</b>
1.	B. Neeson
2.	E. Currie
3.	M. Ryan
	Representative of the Complainant
	Representative of the Respondent
	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.*