

**CALGARY COMPOSITE
ASSESSMENT REVIEW BOARD
REVISED 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(4).

between:

Altus Group Ltd, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Don H Marchand, PRESIDING OFFICER

Phil Pask, MEMBER

Bo Jerchel, 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:	200783728
LOCATION ADDRESS:	1336 16 AV NW
HEARING NUMBER:	Plan 0512746, Block 4, Lot 41
ASSESSMENT:	\$2,170,000

This complaint was heard on 28 day of July, 2010 at the office of the Assessment Review Board located at 4th, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant; *Altus Group Ltd.*: *S. Sweeny-Cooper*

Appeared on behalf of the Respondent; City of Calgary: R. Farkas
T. Johnson, assisting
W. Wong, observing

Description and Background of the Property under Complaint:

The subject is identified with a sub-property use code CM0210 – Retail Store-Strip. The strip mall, known as Fiesta Place, is located on the Trans Canada Hwy in the Community of Capitol Hill. The subject site has the land use designation as Commercial – Corridor 1. The complex which was built in 1978, consists with 8,102 square feet of leasable space.

The Complainant advised that only 3 of the 11 points filed as **Grounds for Appeal** within the subject's Assessment Review Board Complaint form under *Section 5 – Reason(s) for Complaint* would be argued at this hearing. They are as follows:

"> The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties"

"> The assessed vacancy allowance applied to the subject property should be increased to 10%.

"> The assessed rental rates are not derived from similar type properties.

Based on these three grounds of complaint the complainant is requesting rental rate of \$21.00 for space less than 1000 sq. ft., \$20.00 for space between 1,000 sq. ft. and 2,500 sq. ft., and \$19.00 space between 2,501 sq. ft. and 6,000 sq. ft. respectively. The vacancy allowance requested is 8% versus the applied 4% applied in the assessment calculation. The Complainant's request is for an assessment revised to **\$1,700,000**.

Issues:

Do the equity comparables submitted by the Complainant indicate that the assessment "rental rates" and the "vacancy allowance" applied should be varied?

As to the rental rates: The Complainant provided 4 equity comparables with their locations, their varying commercial rental unit (CRU) space ranges, their varying CRU space rental rates and the concluded assessment per square foot for the CARB's consideration.

The following table sets out in summary of the data provided and the rental rates requested:

Location	CRU	Assessed Rental rate	Space Quality	Assm't psf of building area	Complainant's Requested Market rental rate
1515 19 ST NW	0 – 1000 sf 1001 – 2500 sf 2501 – 6000 sf	\$21.00 \$20.00 \$19.00	Not provided	Not provided	
2404 Centre ST NE	0 – 1000 sf 1001 – 2500 sf 2501 – 6000 sf	\$19.00 \$18.00 \$17.00	Not provided	Not provided	
1540 16 AV NW	Not provided	N/A	3,163 sf of B 3,454 sf of C	\$194.95 psf	
233 16 AV NW	Not provided	N/A	13,987 sf of B+	\$238.07 psf	
SUBJECT	0 – 1000 sf 1001 – 2500 sf 2501 – 6000 sf	\$24.00 \$24.00 \$23.00	873 sf of A- 4583 sf of A- 2646 sf of A-	267.83 psf	\$21.00 \$20.00 \$19.00

The Respondent provided the CARB hearing with four of the subject's actual leasing activities indicating leases signed in 2005 and 2007. Each have a 5 year term with rates in the range of \$23.00 to \$28.00 per square foot. The Respondent points out that the space qualities of the Complainant's comparables are inferior to the subject; space quality "C" and "B" versus the subject's

"A-" space quality rating.

The Respondent also provided from their inventory rental rates for the various areas of space. All the comparable data came from the North West (NW) quadrant and within the competing market area. The median and mean averages were presented for each of the size ranges.

They are as follows:

Retail less than 1000 sq. ft.	median \$29.00 average \$29.00
Retail between 1000 and 2500 sq. ft.	median \$26.00 average \$26.01
Retail between 2500 and 6000 sq. ft.	median \$25.00 average \$25.33

Board's Decision and Reasons in Respect of the Rental Rate Issue:

The assessment comparable evidence put forth by the Complainant lacked in comparability. The locations and quality of space were the two main areas of dissimilarity. The actual rents were in the same range as those presented and supported by similar located NW quadrant and quality of space comparables put forth by the Respondent.

As to the subject's vacancy allowance:

The complainant requested an 8.0% vacancy rate allowance, citing that this is the vacancy allowance applied to the strip retail centres in the North East (NE) quadrant by the municipality in preparing the assessments.

The Respondent provided a summary of the 2010 CRU vacancy rates showing how strip retail centres in the NW quadrant differ from the other quadrants. The foundation of this conclusion was based on an analysis of the vacancies reported in the assessment request for information's annual mail out. Also supplied was the supporting December 1, 2009 Calgary Herald article titled *Calgary retail sector stays resilient*"

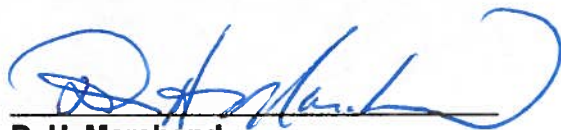
Board's Decision and Reason in Respect of Subject's Vacancy Allowance:

The subject retail strip centre is in the NW quadrant and it competes, trades, leases, and operates in the same economic environment as similarly located strip centres. The CARB was presented with no evidence to indicate that the subject's market is generic with the NE quadrant's market.

Decision:

The assessment is confirmed at **\$2,170,000.**

DATED AT THE CITY OF CALGARY THIS 1 DAY OF SEPTEMBER 2010.



D. H. Marchand
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.*