

**CALGARY
COMPOSITE ASSESSMENT REVIEW BOARD
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:

Steven C. Kashuba, PRESIDING OFFICER

John Mathias, MEMBER

Donald Steele, 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: 020092904

LOCATION ADDRESS: 3604 – 52 Avenue NW

HEARING NUMBER: 59295

ASSESSMENT: \$6,140,000

This complaint was heard on the 7th day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212-31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *Kam Fong*

Appeared on behalf of the Respondent:

- *Wanda Wong*

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

There were no procedural or jurisdictional matters presented.

Property Description:

The subject property, located at 3604 – 52 Avenue NW, is in the subdivision of Brentwood Community. Known as the Dalbrent Shopping Centre, the site area is 87,298 square feet and the improvements constitute a rentable area of 26,409 square feet. The current assessment is \$6,140,000.

Issues:

1. The rental rates applied to the subject property are too high.
2. A vacancy rate allowance of 4% applied to the subject property is too low.

Complainant's Requested Value: \$4,840,000.

Position of Complainant:

The Complainant submitted that the Respondent applied lease rates to the subject property in excess of the rates applied to comparable properties in the same sector of the City. In place of \$21 per square foot for CRUs in the 0 – 1,000 square feet and \$20 per square foot for CRUs in the 1,001 – 2,500 square foot range (C-1, page 13), the Complainant requests a value of \$19 for both categories.

Further to this, the Complainant is of the opinion that a vacancy rate allowance of 9% should be applied and not 4% (R-1, page 10) as applied by the Respondent. By applying a reduced lease rate and an increased vacancy rate allowance in the Respondent's Pro-Forma, the Complainant requests that the assessment be reduced to \$4,840,000 (R-1, page 187-188).

In support of their position the Complainant presented assessments of five CRU Space Equity Comparable properties in the NW sector of the City (C-1, pages 45 – 61) which reflect lease rates ranging from \$16 per square foot to \$19 per square foot for like properties as opposed to the Respondent's application of \$21 and \$20 per square foot (R-1, page 10).

In addition, the Complainant presented 37 vacancy reports in various sectors of the City which show that the median vacancy rate is higher than 10% and requests that a rate of 9% be applied to the subject property (C-1, pages 65-66).

Position of Respondent:

In their Pro-Forma (R-1, page 10), the Respondent presented a lease rate of \$21 per square foot and \$22 per square foot for CRUs and \$18 per square foot for office space to arrive at the assessment amount.

In support of the assessment, the Respondent presented six lease rates for Retail CRUs of less than 1,000 square feet which show an average of \$21.75 per square foot, six comparables in support of Retail CRUs of 1,001 to 2,500 square feet which reflect an average of \$21.96 per square foot, three comparables for Retail CRUs of the category of 2,501 to 6,000 square feet which reflect an average of \$22.67 per square foot, and four comparables lease rates for CRUs of dedicated to office space which reflect an average of \$18.25 per square foot (R-1, pages 12 – 15).

In addition, the Respondent presented a list of 27 strip mall properties in NW Calgary to which was applied a vacancy rate allowance of 4% (R-1, page 17).

It is the Respondent's submission that these comparable lease rates and vacancy rate allowance support the current assessment.

Finally, the Respondent indicated that five earlier decisions of Composite Assessment Review boards concluded that the application of a 4% vacancy rate to strip malls in the NW sector of the City was fair and just.

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

The Board finds that the Respondent's assessment is supported by the following:

1. A typical vacancy allowance rate of 4% is applied to all strip malls in the NW sector of the City as well as to the subject property, and
2. The lease rates as applied to the two categories of CRUs, at issue in the subject property, are consistent with the application of similar rates to similar properties in the same sector of the City.

The Board places little weight upon the Complainant's representation that the lease rates applied to the subject property are too high in that the comparables presented by the Complainant lack comparability by virtue of their square footage, location in the City, effective year of build, and quality. Similarly, the Board places little weight upon the evidence presented by the Complainant as regards the vacancy rate allowance in that most of the comparables come from other segments of the City and do not reflect the relatively low vacancy rates as portrayed within strip malls in the NW quadrant of the City.

Board's Decision:

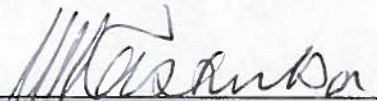
It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$6,140,000.

Reasons

The Board is persuaded by the evidence presented by the Respondent by way of equity and lease rate comparables which show that the assessment of the subject property is fair and correct. In addition, the Complainant's submission to the Respondent of lease rates currently in place within the subject property (C-1, pages 24 to 33, Assessment Request for Information) would indicate that the Respondent's application of lease rates as presented in their Pro-Forma (R-1, page 10) are fair and correct.

The Complainant failed to convince the Board that lease rates in strip malls in the same sector of the City were lower than those applied to the subject. Additionally, the Complainant did not prove that the vacancy rate of 4% as applied by the Respondent in their Pro-Forma to strip malls in the NW sector of the City is incorrect. It is for these reasons that the Board concludes that the assessment is fair and correct.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF September 2010.


Steven C. Kashuba
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.*