

**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: 523018703**

**LOCATION ADDRESS: 11245 Valley Ridge Drive NW**

**HEARING NUMBER: 57432**

**ASSESSMENT: \$5,430,000**

This complaint was heard on 8th 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 brought forward.

**Property Description:**

The subject property, located at 11245 Valley Ridge Drive NW, is a commercial strip mall on 2 acres of land and with improvements which constitute 3 buildings totalling 23,213 square feet of rentable space. The current assessment is \$5,430,000.

**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:** \$4,920,000

**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 foot category and \$20 per square foot for CRUs in the 1,001 – 2,500 square foot range (C-1, page 11), 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 8) 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 \$4,920,000 (C-1, page 173).

In support of their position the Complainant presented assessments of four properties in the NW sector of the City which reflect lease rates ranging from \$16 per square foot to \$19 per square foot for like properties (C-1, pages 32 – 44) as opposed to the Respondent's application of \$21 and \$20 per square foot (R-1, page 8). 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, as a consequence, requests that a rate of 9% be applied to the subject property (C-1, pages 45-149).

**Position of Respondent:**

The Respondent, in their Pro-Forma (R-1, pages 8 – 9) presented Market Net Rental Rates for the Car Wash, Gas Bar/Store, and a lease rate of \$21 for CRU space of 0 – 1,000 square feet, \$20 for CRU space of 1,001 – 2,500 square feet, a lease rate of \$19 for CRU space of 2,501 – 6,000 square feet, and \$16 per square foot for office space. These rates are supported by the Assessment Request for Information (R-1, pages 10 – 16).

In support of the application of a 4% vacancy rate allowance, 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 19). It is the Respondent's submission that these vacancy rate allowances do support the current assessment.

Finally, the Respondent indicated verbally 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. This verbal representation was not contested by the Complainant.

**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. At issue are two lease rates for CRUs of 0 – 1,000 square feet and 1,001 – 2,500 square feet. The lease rates applied by the Respondent to these two categories of CRUs are \$21 and \$20 in which case the Complainant is seeking a rate of \$19 to both categories. However, the Board finds that the comparable lease rates presented by the Complainant are derived from different sectors of the City and cannot be relied upon to be a reflection of lease rates in the sector of the City in which the subject is located. Further to this, the Board accepts that the information presented by the Complainant in the Assessment Request for Information does support the Respondent's application of the \$21 and \$20 as presented in their Pro-Forma (R-1, pages 8 – 9) which, in turn, supports the assessment of the subject property.

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 do not have sufficient information through which a valid comparison can be made (i.e., 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 \$5,430,000.

**Reasons**

The Board is persuaded by the evidence presented by the Respondent by way of the Complainant's submission to the Respondent of lease rates currently in place within the subject property (R-1, pages 11 – 17, Assessment Request for Information) which indicate that the Respondent's application of lease rates as presented in their Pro-Forma (R-1, pages 8 – 9) are fair and correct. Further to this, 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. Finally, 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.*