

**CALGARY
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:

B. Horrocks, PRESIDING OFFICER

J. Massey, MEMBER

J. Kerrison, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	200063626
LOCATION ADDRESS:	1632 14 AV NW
HEARING NUMBER:	58962
ASSESSMENT:	\$84,420,000

This complaint was heard on the 8th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2

Appeared on behalf of the Complainant:

- Ms. J. Moll (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- Mr. P. Sembrat

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

None. The merit hearing proceeded.

Property Description:

The subject property, commonly referred to as Northhill Mall, is a 15.38 acre parcel located in the Hounsfield Hts/Briar Hill community in NW Calgary. The site is classified as a second tier Regional Shopping Centre and it contains 307,205 sq. ft. of assessable rentable area. The site contains Safeway, Shoppers Drug Mart, Petcetera, Marks Work Wearhouse, Moores, World Health and a number of smaller tenants. The mall has undergone extensive renovations in the last 5 years.

Issues:

The Assessment Review Board Complaint form contained 15 Grounds for Appeal, but at the outset of the hearing the complainant advised that there were only 5 outstanding issues, namely: (1) the assessed area should be 290,665 sq. ft. as follows:

500-1000	16079
CRU 1001-2500	40026
CRU 2501-6000	53804
CRU 2501-6000 (Liquor Barn)	3209
CRU>6000	41788
CRU>15000	46939
Food Court	4694
CRU Basement/Recreational	21142
CRU<500	1098
Kiosk	550
Office	60921
Storage/Bsmt.	415

(2) The assessed cap rate should be 7.50% the same as power centers and mirrors what has been practiced by the City of Calgary in previous years. The assessed cap rate is not equitable with better performing enclosed malls.

(3) World Health should be grouped as Recreational Space at \$12.

(4) The Liquor Barn should be assessed at \$19.

(5) The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.

Complainant's Requested Value: \$73,720,000

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

Issue #1 The assessed area should be 290,665 sq. ft.

At the outset of the hearing it was agreed by the parties that the assessed area should be 290,665 sq. ft. after deducting the spaces that are exempt from taxation.

The complainant submitted C-2 with an amended requested assessment of \$76,060,000.

The respondent submitted R-1 with an amended assessment of \$83,060,000 on page33.

Issue #2 The assessed cap rate should be 7.5%.

The complainant submitted evidence package labelled C-1.

The complainant on page 70 provided 3 Tier One Regional Centres with assessed cap rates of 6.75% and 3 Tier Two Regional Centres with assessed cap rates of 7.0% in support of her request for a cap rate of 7.5%. The complainant argued that Tier One Regional median sales of \$806 p.s.f. are 69% higher than the median of the Tier Two Regionals of 476 p.s.f., yet there is only a 0.25% difference in the cap rate. The respondent requested equity with Power Centres at 7.5%.

The respondent submitted evidence package labelled R-1.

The respondent on page 34 provided 2009 Published Capitalization Rates By Property Type and Quarter which demonstrated that the Q2-2009 range for Regional Centres was 6.60% to 7.50%. In addition, the respondent on page 58 provided 5 purported comparables all with an assessed cap rate of 7.0%. The respondent argued there was no market evidence for a cap rate change.

The Board finds the evidence submitted by the respondent to be more compelling and that the assessed cap rate at 7.0% is fair and equitable.

Issue #3 World Health should be grouped as Recreational Space at \$12.

The complainant on pages 98 – 101 and 118 – 125 provided 9 purported comparables with assessments ranging from a low of \$9.00 / sq. ft. to a high of \$12.00 / sq. ft. in support of her request for an assessment of \$12.00.

The respondent acknowledged that World Health is located in the basement and is difficult to access and conceded that \$12.00 / sq. ft. would be more equitable than the \$15.00 / sq. ft. assessed.

The Board finds the assessable rent rate for World Health should be \$12.00 / sq. ft.

Issue#4 The Liquor Barn should be assessed at \$19.

The complainant provided a list of 18 purported comparables on page 127 with assessed rates ranging from a low of \$16 / sq. ft. to a high of \$24 / sq. ft. and argued that liquor stores should be treated equitably. She requested an assessed rent rate of \$19 / sq. ft.

The respondent argued there is no equity precedent based on use but rather an equity argument should be made based on similar size, quality, location etc. In addition, he pointed out that the rent roll submitted by the complainant contained a recently expired lease for the Liquor Barn, on page 51, for \$25.00 / sq. ft.

The Board finds the assessed rent rate for the Liquor Barn at \$24 is supported by the recently expired lease.

Board's Decision:

The Board finds no change is required in the revised assessment of \$83,060,000 as the consequences of only reducing the rental rate from \$15 to \$12 / sq. ft. on the World Health basement area of 21,142 sq. ft would reduce the Potential Gross Income (PGI) by \$63,426 which is only .93% of the original PGI of \$6,778,251.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF October 2010.



B. Horrocks
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.*