

**CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

**between:**

***Altus Group, Complainant***

**and**

***The City Of Calgary, Respondent***

**before:**

***Board Chair, T Golden  
Board Member, H Ang  
Board Member, D Cochrane***

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: 085051605**

**LOCATION ADDRESS: 5751 R Richmond Rd. SW**

**HEARING NUMBER: 59241**

**ASSESSMENT: \$34,650,000.00**

This complaint was heard on 3 day of November, 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:

- *C Fong*

Appeared on behalf of the Respondent:

- *P Sembrat*

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

There were no preliminary issues in this case.

**Property Description:**

The subject property is part of a commercial power centre referred to as West Hills Towne Centre. There are several improvements totalling 101,275 square feet (sq ft) constructed in 1993 on the 8.11 acre site. Components of the income approach to valuation are in question. In particular are the rental rates applied to the fast food restaurant, the Rona and anchor and the various sized commercial retail units (CRU).

**Issues:**

- 1) Is the classification of 1,687 sq ft as fast food restaurant correct?
- 2) Should the rental rate applied to the Rona store be reduced?
- 3) Are the rental rates for CRU areas appropriate?

**Complainant's Requested Value:**

Making adjustments for the lower rental rates and a different classification for the fast food outlet the Complainant is requesting an assessment of \$26,390,000.00. During the presentation an alternate assessment amount of \$28,650,000.00 based on a different rental rate on the Rona store.

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

- 1) The classification of the fast food restaurant is in error and should be classified as a CRU of 1001sq ft to 2500 sq ft reducing the rental rate from \$40.00 to \$32.00 /sq ft.

The complainant pointed out that the property in question is not a free standing structure and therefore has been classified incorrectly. The Respondent agreed that this is a factual error and should be corrected.

The Board agrees with the evidence presented that no free standing restaurant exists and understands the change from fast food restaurant to a CRU classification to be a technical error that must be corrected.

- 2) The anchor rate of \$24.00 /sq ft applied to the 34,985 sq ft of the Rona store should be reduced to \$20.00 /sq ft.

The Complainant in general suggested that the rental rates on this side of the power centre seemed too high as there should be some difference, and pointed out the Respondent viewed them as the same either side of the centre. Also it was unusual for the assessment to have increased \$2,000,000.00 from the previous year in an economic climate when a reduction in assessment would be anticipated. Two sets of comparables were reviewed by the Complainant. A number of assessment records were submitted to demonstrate that the assessed values of similar box stores had been established at \$10.00 and that this supported the requested assessment. Secondly, the Complainant submitted a chart entitled Altus Group Box Store Leasing Summary. Using this data, an alternate assessment was presented to the board, suggesting a rent rate of \$15.00/sq ft may be appropriate. This would yield an alternate assessment amount of \$28,650,000.00. It was pointed out that the existing Rona lease was at \$5.72 /sq ft.

The Respondent suggested that the signal Hill location of the subject was a superior location in the City and suggested that the rental rates in the area were higher than other areas of the City. This was supported by some recent leasing data for larger spaces. Big box stores in other areas of the City are realizing \$16.00 /sq ft or more and a more appropriate reduced rate of \$20.00 / sq ft would be accepted by the Respondent.

The Board placed some weight on the Complainants table showing box store rental rates. Four properties were strong indicators of value. It was noted that for leases signed in 2008 or newer 3 similar sized properties in active commercial areas were leased for between \$20.75 and \$21.00 /sq ft. This was balanced by a similar sized property in the same area as the subject that leased for \$12.50 /sq ft giving an average of \$18.80 /sq ft. The rent roll for the subject property also shows a 2009 lease for a property the Board recognizes as smaller for \$28.00 /sq ft. The Board finds that these values and the Respondents position that the Signal Hill area is a superior location all support suggested rental rates of \$20.00 /sq ft. Finally a post facto lease was found in the Respondents evidence for a property of similar size to the Rona and in the same location at \$24.00 / sq ft indicating a trend to higher lease rates in the subject property area and this also supports the \$20.00 rate

- 3) The rental rates for the CRU areas 2501 to 6000 sq ft and those greater than 6000 sq ft used by the Respondent are found to be appropriate.

The Complainant provided several equity comparables in the same area as the subject property arguing these examples suggest the rental rate for CRU 2501 to 600 sq ft should be \$28.00 /sq ft rather than \$30.00 /sq ft and those greater than 6000 sq ft should be \$22.00 /sq ft rather than \$28.00 /sq ft. This was supported by various business assessments.

The Respondent provided 5 comparable properties in each size category all in the same area and relatively new leases. The tables supported the current rental rate being used.

In the Boards opinion the evidence of the Respondent was given more weight as there was more detail provided regarding lease dates and actual CRU sizes allowing better comparisons.

#### **Board's Decision:**

Adjusting the restaurant classification and the rental rate for the Rona the assessment is established at a reduced amount of \$32,670,000.00

**DATED AT THE CITY OF CALGARY THIS 25 DAY OF November 2010.**

A handwritten signature in blue ink, reading "Tom Golden", is written over a horizontal line.

**Tom Golden  
Presiding Officer**

**APPENDIX "A"****DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

<b>NO.</b>	<b>ITEM</b>
1.	Exhibit C-1 Letter of Complaint
2.	Exhibit C-2 Complainants Brief
3.	Exhibit R-1 Respondent's Assessment Brief

*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.*