

**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:**

***J. Gilmour, PRESIDING OFFICER***

***E. Reuther, MEMBER***

***P. Charuk, 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:

<b>ROLL NUMBER:</b>	<b>175102102</b>
<b>LOCATION ADDRESS:</b>	<b>90 Crowfoot Way NW</b>
<b>HEARING NUMBER:</b>	<b>59209</b>
<b>ASSESSMENT:</b>	<b>\$19,720,000</b>

This complaint was heard on the 10<sup>th</sup> 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:

- *K. Fong*                      *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *S. Turner*                      *Assessor, The City of Calgary*

**Property Description:**

The subject property is a “big box” store of 152, 313 sq. ft., located in the Crowfoot Shopping complex in the northwest quadrant of the City of Calgary. The property is identified as the “Revy Home and Garden Centre” with a site coverage of 28.2 percent. It was built in 1995.

The original assessment of \$19,720,000 was revised by the City to \$17,880,000 (EX R1 – Page 11).

**Issue:**

The Complainant took the position before the Board that the market net rental rate for the subject property should be \$8 instead of \$10, which was relied on by the City in the valuation of the current assessment.

**Complainant's Requested Value:**

\$13,790,000

**Board's Decision in Respect of the Issue:**

The Complainant, in evidence before the Board, argued that the subject property is considered a “discount big box” store. The Crowfoot Power Centre was one of the original power centres in the City of Calgary. In determining its requested assessment, the Complainant determined the following valuation on Page 35 of the evidence package (EX C-1):

Rona Home & Garden space .....	131,683 sq. ft. at \$8 per sq. ft.
Mezzanine space .....	15,811 sq. ft. at \$1 per sq. ft.
Garden Centre .....	4,998 sq. ft. at \$8 per sq. ft.

The Complainant relied on an earlier Board decision, CARB 1215/2010-P, dated 8 September 2010. This decision recognized that the stores have sub-classifications based on their replacement costs and their design and construction. This classification system is recognized by Marshall and Swift (M & S). A 458 warehouse discount store is recognized by M & S as a warehouse construction with minimal interior partitions. An example of such stores was identified as Home Depot & Rona. The decision noted that such box stores cost less to build because of a very low level of finish, when compared to other box stores such as Canadian Tire,

Wall-Mart and Superstore. The Board in that case reduced all Home Depot rental rates from \$10 to \$8. On the basis of this earlier decision and on the basis that M & S considers the subject property a 458 discount store similar to the Home Depot Stores, the rental rate for the subject property should also be accordingly reduced to \$8.

The Complainant in evidence also submitted a Retail Anchor Tenant Rental Analysis Sheet (EX C-1 – Page 59). Of the 10 comparables listed on that sheet, the Respondent identified 7 of those properties were not comparable or had dissimilar characteristics from the subject. The 2 Rona properties were still listed with a rental rate of \$10.

The sheet in the Complainant's evidence package entitled "Rona/Revy Portfolio Sales Across Canada in 2002" (EX C-1 – Page 60) was of little assistance to the Board in determining the issue at hand.

The Respondent in evidence submitted a number of equity comparables across the City, indicating that for approximately 35 box stores relying on a rental rate of \$10, only two 2010 decisions had reduced the rate of \$8 (EX R1 – Page 26).

In addition, the Respondent submitted in evidence 6 lease comparables for box stores in the City, for a median range of \$12.25. A Rona store in Symons Valley had a lease commencing in 2007 at \$14.50 (EX R-1 – Page 27). The ARFI submitted by the Complainant for the subject property in 2010 indicates a lease signed in 1998 for an 18 year term at \$9.38.

The Respondent also relied on an earlier Board Decision 1795/2010-P, dated 12 October 2010, that a Wal-Mart property in the City should not have its rental rate reduced from \$10.

#### **Board's Findings:**

On the basis of the evidence entered before the Board by both parties, the Composite Assessment Review Board finds that the rental rate of \$10 is fair and reasonable. This conclusion was determined by the lease comparables submitted by the Respondent and the 2010 ARFI submitted by the Complainant in 1998 at \$9.38. It is reasonable to expect this rental rate would have increased 12 years later from the original signing of the lease.

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

The Complainant fails and the revised assessment of \$17,880,000 is confirmed.

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

  
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J. Gilmour  
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.*