

**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***

***J. O'Hearn, MEMBER***

***V. Nesry, 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>200374908</b>
<b>LOCATION ADDRESS:</b>	<b>218 18 Avenue SE</b>
<b>FILE NUMBER:</b>	<b>58995</b>
<b>ASSESSMENT:</b>	<b>\$ 20,700,000</b>

This complaint was heard on the 25<sup>th</sup> day of November, 2010 at the office of the Assessment Review Board located at 4<sup>th</sup> Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *D. Satoor*

### **I. Property Description:**

The subject property is referred to as the Elbow River Casino and located in the City of Calgary's Beltline district. It is on a site area of 1.54 acres with a total area of 77,681 SF. It was built in 2005. The Respondent relied on the Income Approach to value the property, to produce the following rental rate:

<u>Space</u>	<u>Rental Rate</u>	<u>Requested Rental Rate</u>
Office	\$ 16	\$ 15
Retail	\$ 26	\$ 18

### **II. Requested Assessment:**

\$ 14,940,000

### **III. Issue:**

What are the appropriate rental rates for the office and retail spaces of the subject property?

### **IV. Summary Of The Complainant's Argument:**

Because the property is owner occupied, lease information was not available.

The Complainant provided no comparables for the office space. He did refer to a number of equity comparables of grocery stores with similar size in the Beltline area, which produced rental rates of approximately \$15 PSF. The Complainant also produced in evidence market leases of buildings throughout the City of various sizes which established an average median rental rate of \$14.81.

It was noted that the Casino did have an underground parkade which generated no income for the owner.

The Complainant produced two CARB Business Assessment decisions for 2010 for both the subject property and the Stampede Casino which resulted in the reduction of the retail space rental rates from \$26 for both properties. For those properties, the Board reduced the retail rental rate to \$18 PSF. The Complainant stated to this Board Panel that the business and property assessment rental rates should be the same, and therefore the property assessment

rental rates for the two spaces should also be reduced.

#### **V. Summary Of The Respondent's Evidence:**

The Respondent argued before the Board that it was very difficult to find comparables to the subject property, relying on the Income Valuation method since the Casino was owner occupied. The only equity comparable the City relied on with similar characteristics was the Stampede Casino built in 2008.

For this property, the City established a rental rate of \$20 for the office space and \$26 for the retail space, for a 2010 assessment of \$30 million.

In addition to the Income Valuation method, the Assessor also undertook a Cost Approach for the subject property, which produced the following depreciated cost value:

- Depreciated Improvement Value - \$13,295,000
- Land Value - \$15,180,000
- Cost Approach Value - \$28,475,000

The Respondent argued before the Board that Business Assessment values are not necessarily the same as Property Assessment values.

#### **VI. Board Findings:**

The Board confirmed the rental rates for the two spaces of the subject property as follows:

Office space – \$16 PSF  
Retail space – \$26 PSF

#### **VII. Board Reasons For The Decision:**

The Complainant provided no comparables to the Board for the rental rate for the office space of the subject property.

With respect to the retail space rental rate, the Board did not consider grocery stores or "Big Box" stores indicative of market rents for the subject property. This property is unique. On the basis of its size, location, age, and physical characteristics, the only real comparable property to the subject is the Stampede Casino. It is currently being assessed using a rental rate of \$20 PSF for the office space and \$26 PSF for the retail space.

The Board does not agree with the Complainant that the rental rates for Business Assessments and Property Assessments must be the same. The results could be the same but not necessarily so for both types of assessments.

A Business Assessment rental rate might only apply to the space occupied by a tenant, whereas a Property Assessment rental rate must take into account a number of factors and considerations, as described in section 2 of MRAT for the owner of the property;

- a) must be prepared using mass appraisal,
- b) must be an estimate of the value of the fee simple estate in the property, and
- c) must reflect typical market conditions for properties similar to that property.

It is also interesting to note that the provincial government audits property assessments, but not business assessments.


For the above reasons, the derivation of a rental rate for property assessments is much more expansive than the more narrow determination of rental rates for business assessments under the City by-law.

The City next year may wish to consider using the Cost Approach to valuing this property instead of the Income method, on the basis of the uniqueness of this property.

#### **VIII. Decision:**

The assessment of the subject property is confirmed at \$20,700,000.

DATED AT THE CITY OF CALGARY THIS 2<sup>nd</sup> DAY OF DECEMBER 2010.

  
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.*