

**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, Revised Statutes of Alberta 2000 (the Act).

between:

Saloon Communications Inc. (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. McEwen, PRESIDING OFFICER

D. Julien, MEMBER

K. Coolidge, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 034109405

LOCATION ADDRESS: 3505 EDMONTON TR NW

HEARING NUMBER: 62979

ASSESSMENT: \$3,870,000

This complaint was heard on the 23rd day of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- K. Fong

Appeared on behalf of the Respondent:

- D. Zhao

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

Neither party raised any procedural or jurisdictional matters.

Property Description:

The subject property is a 1.44 acre site located on EDMONTON TR NE in the Greenview Industrial Park district of NE Calgary. The subject is improved with a 27,736 square foot, free standing structure, currently used by Barbecues Galore for retail operations. The subject property is zoned C-COR 3 and the improvement is classified as a second tier Junior Big Box for assessment purposes. The city uses a \$12 per square foot rental rate in their Income Approach Valuation model for this classification. Approximately 66% of the subject floor plan is used as warehouse space; the remainder is dedicated to showroom. The subject also features a small mezzanine level of 3,096 square feet assessed at \$1 per square foot.

Issues:

Is the assessed value of the subject property too high and, therefore, inequitable to comparable properties? Specifically, is the assessed rental rate of \$12 per square foot excessive in that more than 66% of the floor space is used as a warehouse?

Complainant's Requested Value:

\$2,360,000

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

1. MARKET VALUE and EQUITY

The Complainant argued that the leases of neighbouring properties represented valid local indicators of what the subject rent rate should be. To that end, the Complainant provided a lease from Totem Distributors located at 4215 EDMONTON TR NE indicating a base lease rate of \$8.69 per square foot. In addition, the Complainant provided a marketing brochure for a property at 3715 EDMONTON TR NE indicating a base lease rate of \$10 per square foot. The Complainant further argued that because the Greenview Industrial Park is a mix of retail, warehouse and light industrial space, that the space within the subject property should not be treated uniformly but differently, depending on its use. The Complainant recommended a

warehouse rate of \$6 per square foot and a retail rate of \$10 per square foot in order to align the subject more closely with the rates of the comparables provided. The Complainant further supported the lower subject rate request by providing a marketing piece for the vacated A&B Sound site in Sunridge which indicates an asking rent of \$7 per square foot.

The Board does not accept the Totem lease as a valid non arms-length transaction as the Respondent demonstrated that the property and lease are held by the previous owners of Totem who remain significant shareholders of the company that acquired Totem, Rona Building Supplies.

The Board does not give much weight to the comparable at 3715 EDMONTON TR NE as it is classified as a Multi-Bay Warehouse and is assessed using the Sales Valuation Approach. Also, the brochure describing the rental rate within this property is too inconclusive for the Board to apply in any informed analysis of the subject property.

The marketing brochure for the A&B site in Sunridge is not found to be helpful as it also fails to provide the Board any detail applicable to the subject assessment. In addition, the Respondent's e-mail from June 1, 2011 indicates lease negotiations for this property at \$18 per square foot, thereby seriously undermining the credibility of the Complainant's document.

Finally, the Board does not accept the Complainant's argument that retail space should be assessed on specific use i.e. retail showroom, warehouse, coffee room etc. The Complainant has not provided the Board either evidence or precedents to support such an assessment model and, therefore, the argument fails.

The Respondent's eight lease comparables having a median lease rate of \$13.25 per square feet and thirteen equity comparables indicating the broad and equitable application of the Income Approach to Junior Big Box properties are found to support the subject assessment.

Board's Decision:

The subject assessment is confirmed at \$3,870,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF July 2011.

C. McEwen

C. McEwen
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebutall

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.*