

**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:

***Prime Properties Inc. Immeubles Prime Inc. (as represented by Altus Group Ltd),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***F.W. Wesseling, PRESIDING OFFICER
S. Rourke, MEMBER
A. Zindler, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 031016298

LOCATION ADDRESS: 3310 32 ST NE

HEARING NUMBER: 68254

ASSESSMENT: \$5,730,000

This complaint was heard on 26th day of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *G. Good*

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

No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint.

Property Description: Subject property is known as the Horizon Auto Centre containing a number of retail bays and a freestanding restaurant. The development is located along a major traffic corridor and is surrounded by similar strip malls. Total floor space for the strip mall is 40,910 square feet. The strip mall was constructed in 1983 while the restaurant was added in 1993. The property is classified with a land use designation of "Commercial Corridor 3" in the City of Calgary Land Use Bylaw.

Issues: The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Vacancy rate.
- Fair and equitable rate for the restaurant.

Complainant's Requested Value: \$4,240,000

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

Complainant's Position: The primary focus of the presentation was the submission that the assessment for this property should be awarded a 25% vacancy allowance to reflect the actual vacancy rate experienced. In support of the request the Complainant provided rent roll data dating back to 2008 to indicate a chronic vacancy issue. The table below outlines the vacancy at the end of the years indicated.

<u>Year/Vacancy</u>	
2008	16.19%
2009	28.14%
2010	35.27%
2011	35.27% (to Aug. 2011)

While reference material was provided in terms of maps, photographs, assessment records, etc.

the Complainant could shed little light on as to why the vacancy of the property retail bays has been at the rate it has been the last few years. General market conditions were cited however no evidence was presented.

The complainant further requested that the assessment rate of \$17.00 per square foot for the restaurant be increased to \$26.00 per square foot. Two restaurant comparables were presented which showed a freestanding restaurant assessment rate of \$26.00 per square foot (see C1, p 84-89). The City classifies the property at a C+ quality rating; the Complainant is requesting that the restaurant be rated higher.

Respondent's Position: The City, in its presentation, outlined that the subject property was awarded a 10% vacancy allowance which is deemed to be typical for strip shopping centres of this type, based on the assessor's analysis. It was further indicated that "chronic" vacancy is neither defined nor legislated. A vacancy allowance has been awarded to these types of properties over the years even when they have been fully leased. In addition, a recent lease advertisement for the property was presented which outlined which CRU's are available for lease. This information appears to indicate that the vacancy experienced by the subject property may be easing to some extent.

Four restaurant equity comparables were outlined of similar size and function. These had an assessed market rental rate of \$17.00 per square foot (See R1, p16).

Board's Decision:

Upon reviewing the verbal and written evidence provided by the parties, the Board considers that amendments to the assessment are warranted for the following reasons:

- A chronic vacancy for the subject property is recognized. While it is apparent that improvements in vacancy are apparent and as such the Board establishes the vacancy rate for the subject property at 20%.
- The Board supported the comparison of the restaurant space with similar properties as outlined by the Complainant as being more representative of the subject property and as such agrees that the assessed market rental rate should be increased on the restaurant from \$17.00 per square foot to \$ 26.00 per square foot.

Based on the above decision the assessment is revised to \$4,810,000.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF July 2012.



F.W. Wesseling
Presiding Officer

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

NO.	ITEM
1. C1	Horizon Auto Centre 3310 32 Street NE
2. R1	Assessment Brief
	Complainant Disclosure
	Respondent Disclosure

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.*

For MGB Administrative Use Only

<i>Decision No.</i>		<i>Roll No.</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Strip mall	Rental rates	Land and improvement comparables	Chronic vacancy