

**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:

DC Investments Inc. (as represented by Cushman & Wakefield Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
J. Joseph, 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:	200942910
LOCATION ADDRESS:	1126 KENSINGTON RD NW
HEARING NUMBER:	61150
ASSESSMENT:	\$7,130,000

This complaint was heard on the 28th 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:

- Mr. J. Goresht (Cushman & Wakefield Ltd.)

Appeared on behalf of the Respondent:

- Mr. T. Johnson

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

There were no concerns with the composition of the Board.

There were no preliminary matters. The merit hearing proceeded.

Property Description:

The subject property is a 0.45 acre parcel located in the Hillhurst Community in NW Calgary. The site contains four buildings that have been joined with fascia to create a multi tenant retail / office complex. The buildings were constructed in 1980 and are considered to be of A2 and A+ quality. The total leased area is 22,865 sq. ft.

Issues:

The Assessment Review Board Complaint form contained a number of generalized statements, including "the assessment is too high" and "the assessment is inequitable in comparison with similar properties" amongst other things. At the hearing, the Complainant advised there were two issues, namely: leasable area and rent rates.

Complainant's Requested Value: \$6,000,000 (Complaint form)
\$5,957,316 (Hearing)

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

Issue Area

The Complainant's Disclosure is labelled C-1.

The Complainant provided the 2009 ARFI which described the Total Rentable Area as 22,414 sq. ft.

The Respondent's Disclosure is labelled R-1.

The Respondent, at page 17, provided the 2010 ARFI. The cover page describes the Total Rentable Area as 22,414 sq. ft., however, the detailed sheets that follow add up to a Total Leased Area of 22,865 sq. ft.

The Board finds the detailed information provided by the property manager, identifying the leased area as 22,865 sq. ft., to be the most compelling.

Issue Rent Rates

The Complainant provided the 2010 Assessment Brief which had been prepared by the City of Calgary. He noted that there was a list of Equity Comparables at page 13, and specifically that the property at 20 12 ST NW was on the list. He suggested that property (occupied by the Kensington Wine Market) was in close proximity to the subject and was a good comparable. He

provided the 2011 Income Approach Valuation for the Kensington Wine Market and argued that the subject should be assessed the same Net Market Rental Rates for the Sub Components "Retail 0 – 1000 sq. ft." and "Retail 1,001 – 2,500 sq. ft." He requested that the assessed Market Net Rental Rate for Retail 0 – 1000 sq. ft. be reduced from \$42.00 to \$32.00 / sq. ft. and the assessed Market Net Rental Rate for Retail 1001 – 2500 sq. ft. be reduced from \$40.00 to \$30.00 / sq. ft.

The Respondent, at page 31, provided 4 Equity Comparables for Retail 0 – 1,000 sq. ft. noting they were all assessed Market Net Rental Rates of \$42.00 / sq. ft. He further noted that the comparables were in buildings that were considered to be of A+ quality, the same as the subject. He argued that the Complainant's comparable was considered to be of A- quality.

The Respondent, at page 32, provided 7 Equity Comparables for Retail 1,001 – 2,500 sq. ft. noting they were all assessed Market Net Rental Rates of 40.00 / sq. ft. He again noted that the comparables were in buildings that were considered to be of A+ quality, the same as the subject.

The Board finds the multiple equity comparables from the Respondent to be more compelling than the single equity comparable from the Complainant which is located in a lesser quality building.

In addition, the Board calculated the Potential Gross Income from the ARFI and determined it to be approximately \$741,000, which when compared to the assessed PGI of \$589,106 led to the conclusion that the subject is well served by the assessment.

Board's Decision:

The 2011 assessment is confirmed at \$7,130,000.

Reasons

Area detail, as supplied by the property manager in the ARFI, accepted at face value.

No market evidence to support a change in Market Net Rental Rates.

Purported equity comparable from the Complainant is located in a lesser quality building.

DATED AT THE CITY OF CALGARY THIS 26 DAY OF July 2011.


B. Horrocks
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. R2 thru R6	Colour Photos

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.*