

**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:**

***1387003 Alberta Ltd. (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***L. Wood, PRESIDING OFFICER***

***R. Roy, MEMBER***

***T. Usselman, 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:

<b>ROLL NUMBER:</b>	<b>057590705</b>
<b>LOCATION ADDRESS:</b>	<b>183 1623 CENTRE ST NW</b>
<b>HEARING NUMBER:</b>	<b>63972</b>
<b>ASSESSMENT:</b>	<b>\$2,810,000</b>

This complaint was heard on 12 day of August, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

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

Appeared on behalf of the Respondent:

- *Ms. W. Wong* *Assessor, City of Calgary*

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

There were no procedural or jurisdictional matters raised by the parties at the hearing.

**Property Description:**

The subject property is a retail condo known as Tops Supermarket located in Crescent Heights. The condo is 20,882 sq. ft., which includes storage and mezzanine space. It was built in 1997 and is assessed with an A+ quality. The building is located on 0.99 acres. The land use designation is Commercial - Corridor 1.

The subject property was assessed based on the direct sales comparison approach.

**Issues:**

1. The subject property should be valued based on the income approach to value, like other grocery stores, with a \$13.00 psf rental rate.

**Complainant's Requested Value:** \$2,230,000

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

1. The subject property should be valued based on the income approach to value, like other grocery stores, with a \$13.00 psf rental rate.

The Complainant submitted the subject property, which is used as a grocery store, should be assessed based on a rate of \$13.00 psf as similar grocery stores. He submitted 28 grocery store equity comparables (12,000 – 65,233 sq. ft.) assessed at \$13.00 psf to support his proposed rental rate (Exhibit C1 page 34). He noted the Safeway, located at 1818 Centre St NE, is in the vicinity of the subject property, and is assessed at \$13.00 psf. He also presented 34 grocery store equity comparables (10,659 – 74,236 sq. ft.) that were assessed at \$17.00 psf (Exhibit C1 page 116).

The Complainant submitted the subject property is unique as there are not many retail condos comprised of 20,000 sq. ft. and sales of retail condos are limited. The Complainant submitted the subject property sold in 2008 for \$2,860,000 but argued the purchase price included the sale of the business, Tops Supermarket, for approximately \$800,000 (Exhibit R1 pages 28 – 30).

The Complainant's income approach was based on the main level (grocery store area) of 12,074 sq. ft. at \$13.00 psf; basement storage of 6,677 sq. ft. at \$2.00 psf; and mezzanine space of 2,131 sq. ft. at \$1.00 psf (with the remaining valuation parameters used to assess grocery stores) to derive a final assessed value of \$2,300,000 (Exhibit C1 page 118).

The Respondent submitted four sales comparables (including the sale of the subject property) (Exhibit R1 page 23). The sales comparables have areas of 335 - 20,882 sq. ft., which had sold in July 2008 – March 2010 for \$136 - \$546 psf. Three of the sales comparables were retail condos but the fourth (located at 200 325 Manning RD NE) was an office condo.

The Respondent also presented 30 equity comparables in support of the \$135 psf assessed rate applied to the subject property (Exhibit R1 page 24). The assessed areas were 10,064 sq. ft. – 46,349 sq. ft. and had assessed rates of \$175 - \$280 psf (with the exception of 3 comparables that fell outside this range at \$95 psf, \$165 psf and \$330 psf). However, none of the equity comparables were at the \$135 psf rate and no explanation of how they compared to the subject was provided to the Board.

The Board finds the Complainant failed to present any documentation in support of a business value of \$800,000 that was included in the purchase price of the subject property, and therefore, the Board placed little weight on that claim. The Board finds the Complainant also failed to present any sales analysis of retail condos (e.g. paired sales analysis) which would have supported a change in the market since the sale of the subject property in 2008. The Board finds the Complainant failed to provide any justification for the proposed rental rates of either \$13.00 psf or \$17.00 psf given the location and size of the subject property.

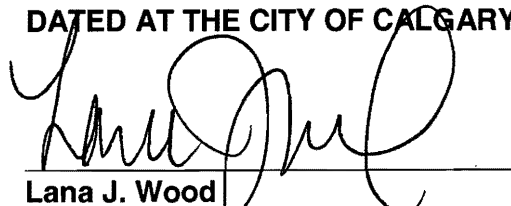
The Board does not necessarily agree with the Respondent that the direct sales comparison approach is the preferred method to value retail condos given the lack of sales in the market, as demonstrated in her own evidence. With the exception of the sale of the subject, the sales comparables were not similar as there was a wide disparity in square footage and one was an office condo. The Board also finds the Respondent's equity comparables lacking: how does a range of \$175 - \$280 psf support an assessed rate of \$135 psf?

However, based on the lack of evidence presented by the Complainant to warrant a change based on the income approach, the Board is left to confirm the assessment.

**Board's Decision:**

The decision of the Board is to confirm the 2011 assessment for the subject property at \$2,810,000.

DATED AT THE CITY OF CALGARY THIS 4<sup>th</sup> DAY OF OCTOBER 2011.



Lana J. Wood  
Presiding Officer

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

<b>EXHIBIT NO.</b>	<b>ITEM</b>
1. C1	Complainant's Submission
2. C2	Complainant's Rebuttal
3. R1	Respondent's Submission

*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.*