

**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:

***Calgary Co-operative Association Limited
(as represented by Altus Group Limited), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***J. Dawson, PRESIDING OFFICER
M. Grace, MEMBER
J. Pratt, MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board [*CARB*] 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: | 046285904 |
| LOCATION ADDRESS: | 336 16 Avenue NW |
| LEGAL DESCRIPTION: | Plan 0013130; Lot 1 |
| HEARING NUMBER: | 68084 |
| ASSESSMENT: | \$ 3,210,000 |

- [1] This complaint was heard on the 15 day of October, 2012 at the office of the Assessment Review Board [ARB] located at Floor Number 3, 1212 31 Avenue NE, Calgary, Alberta, Boardroom 8.
- [2] Appeared on behalf of the Complainant:
- K. Fong Agent, Altus Group Limited
- [3] Appeared on behalf of the Respondent:
- R. Farkas Assessor, City of Calgary

SECTION A: Preliminary, Procedural or Jurisdictional Issues:

- [4] No preliminary, procedural, or jurisdictional matters were identified.

SECTION B: Issues of Merit

Property Description:

- [5] Constructed in 2000, the subject – 336 16 Avenue NW, is a freestanding retail building located along 16 Avenue east of 4 Street NW in the community of Mount Pleasant.
- [6] The Respondent prepared the assessment on the income approach showing 7,396 square feet of retail space within the 6,001 to 14,000 square foot stratification, graded as an 'A+' quality. The site has an area of 38,428 square feet.

Matters and Issues:

- [7] The Complainant identified two matters on the complaint form:
- Matter #3 - an assessment amount*
 - Matter #4 - an assessment class*
- [8] Following the hearing, the Board met and discerned that this is the relevant question which needed to be answered within this decision:
1. *What is the correct rental rate value to apply to the subject's assessment?*

Complainant's Requested Value:

- \$2,190,000 on complaint form
- \$1,760,000 in disclosure document and confirmed at the hearing as the request

Board's Decision in Respect of Each Matter or Issue:***Matter #3 - an assessment amount******Question 1 What is the correct rental rate value to apply to the subject's assessment?******Complainant's position***

- [9] The Complainant's position is that the subject market rental rate is \$20 per square foot versus the \$36 per square foot that it is being assessed. The Complainant indicates that this location is identical to another Calgary Co-operative Association liquor store, for which the Respondent made a recommended assessment settlement. (C1 p. 2)
- [10] The Complainant reviewed the subject with; 2012 Property Assessment Notice, Property Assessment Summary Report, Non-Residential Properties – Income Approach Valuation, maps, and photo. (C1 pp. 86-95)
- [11] The Complainant presented the Non-Residential Properties – Income Approach Valuation from 2011 for the subject property when it was owned and occupied by a different business. In that assessment the Respondent derived a \$22 per square foot rental rate. For 2012 the Respondent increased the assessment by 63% to \$36 per square foot. The Complainant suggested that a paint job was all that was needed to change business use; therefore, the substantial increase is not warranted. (C1 pp. 98-102)
- [12] The Complainant provided a report on citywide 6,001 – 14,000 square foot commercial retail unit [CRU] rental rate comparables. The report included 35 leases with a start date ranging from July 2004 through to September 2011, with size ranging from 6,030 square feet to 14,694 square feet. The Board notes that one lease does not fit the defined range; however, the leases within the valuation period do fit the defined range. The reported base year results are a median of \$18 per square foot with a median area of 9,921 square feet. (C1 p. 103-111)

Respondent's position

- [13] The Respondent explained that a recent sale on the subject property supports the assessed value. The Respondent asserts that vacant land sales also support the assessment. (R1 p. 2)
- [14] The Respondent reviewed the subject details; map, photos, and Non-Residential Properties – Income Approach Valuation. (R1 pp. 4-10)
- [15] The Respondent provided a RealNet retail transaction report of a sale on the subject property. The sale occurred December 31, 2010 for \$3,450,000. (R1 pp. 11-13)
- [16] The Respondent provided screen shots from an internal computer system to show that a building permit had been applied for in the amount of \$1,000,000. (R1 p. 14)
- [17] The Respondent showed a land calculation for the subject property concluding a value of \$3,150,000. (R1 p. 15)

Board's findings

- [18] The Board reviewed the information reported by the Complainant from their citywide 6,001 – 14,000 square foot commercial retail unit [CRU] rental rate comparables. The report included 35 leases with a start date ranging from July 2004 through to September 2011. The leased area ranged from 6,030 square feet to 14,694 square feet. The Board pared the list to six leases within the valuation period – July 1, 2010 and July 1, 2011 and removed the gross lease at 8180 Macleod Trail SE. The remaining lease sizes ranged from 7,197 square feet to 11,364 square feet, deriving a median of \$19.50 per square foot and a mean of \$19.10 per square foot. (C1 p. 103)

| Tenant | Address | Shopping Centre | Property Type | Assessable Building Area (square feet) | Market Rental Rate (per square foot) | Lease Start |
|----------------|---------------------------------|-------------------------------|--------------------------|--|--------------------------------------|-------------|
| Auto Value | 8180 Macleod Trail SE | Heritage Hill Shopping Centre | Neighbourhood Commercial | 7,197 | \$ 11.00 | 1-Dec-10 |
| Dollarama | 12300 Symons Valley Road NW | Creekside Shopping Centre | Community Centre | 10,965 | \$ 16.60 | 1-Jul-11 |
| Laser Quest | 9950 Macleod Trail SE | | Neighbourhood Commercial | 11,364 | \$ 18.00 | 1-Aug-10 |
| Pier 1 Imports | 3750 Brentwood Road NW | Brentwood Village | Community Centre | 9,536 | \$ 21.00 | 1-Jul-10 |
| Dollarama | 8888 Country Hills Boulevard NW | Royal Oak Centre | Community Centre | 10,191 | \$ 23.00 | 17-May-11 |
| Nevada Bob's | 5478 Signal Hill Centre SW | Signal Hill Centre | Power Centre | 9,928 | \$ 25.00 | 1-Jan-11 |
| | MEDIAN | | | 10,060 | \$ 19.50 | |
| | MEAN | | | 9,864 | \$ 19.10 | |

- [19] The Board reviewed the sale information provided by the Respondent and noted that the sale amount was almost twice that of the assessment. The assessment was increased by 63% to place the sale within 7% of the new assessment.
- [20] The Board found the building permit information provided by the Respondent to be vague; it seemed to amount to a quick facelift for branding purposes rather than a major renovation that one might expect would change the life expectancy of the building.
- [21] The Board placed little weight on the land value calculation submitted by the Respondent as the assessment was done on the income approach.
- [22] The Board found no evidence from the Respondent to defend the income approach and through questioning heard that there is no evidence of any leases at the \$36 per square foot value as assessed. The Respondent admitted during questioning that he did not prepare the assessment and is not sure how the assessment was derived using the income approach.
- [23] As the assessment is based on the income approach and because the evidence shows a median of \$19.50 per square foot, the Board finds the request of \$20 per square foot correct, fair and equitable.

Matter #4 - an assessment class

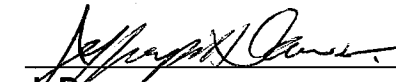
- [24] The Board did not hear any evidence requesting a change in an assessment class from its current non-residential designation.

Board's Decision:

[25]

After considering all the evidence and argument before the Board it is determined that the subject's assessment is changed to a value of \$1,760,000, which reflects market value and is fair and equitable.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF December 2012.



J. Dawson
Presiding Officer

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

| NO. | ITEM |
|------------|---------------------------------------|
| 1. | C1 Complainant Disclosure – 136 pages |
| 2. | R1 Respondent Disclosure – 63 pages |

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.*

| Municipal Government Board use only: Decision Identifier Codes | | | | |
|---|---------------|-------------------|-----------------|-------------|
| Appeal Type | Property Type | Property Sub-Type | Issue | Sub-Issue |
| CARB | Retail | Freestanding | Income Approach | Market Rent |