

**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:

***Glenmac Corporation Ltd.
(as represented by Altus Group Limited), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***J. Dawson, PRESIDING OFFICER
H. Ang, MEMBER
P. McKenna, 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:	148055304
LOCATION ADDRESS:	380 Canyon Meadows Drive SE
LEGAL DESCRIPTION:	Plan 9111088; Block 1; Lot 3
HEARING NUMBER:	67962
ASSESSMENT:	\$ 12,700,000

- [1] This complaint was heard on the 9 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 10.
- [2] Appeared on behalf of the Complainant:
- K. Fong Agent, Altus Group
 - D. Main Agent, Altus Group
- [3] Appeared on behalf of the Respondent:
- I. McDermott 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 1988, the subject – 380 Canyon Meadows Drive SE, is comprised of three buildings referred to as a Retail Strip Shopping Centre. The property is located one block east of Macleod Trail just north of Canyon Meadows Drive SE in a community known as Lake Bonavista.
- [6] The Respondent prepared the assessment showing 53,285 square feet of retail and office space graded as a 'B+' quality. The site has an area of 217,008 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 these are the relevant questions which needed to be answered within this decision:
1. *Is the subject assessment correct with the applied market rental rates?*

Complainant's Requested Value:

- \$9,990,000 on complaint form

- \$10,840,000 in disclosure document and confirmed at hearing as the request

Board's Decision in Respect of Each Matter or Issue:***Matter #3 - an assessment amount*****Question 1 Is the subject assessment correct with the applied market rental rates?*****Complainant's position***

- [9] The Complainant presented that three of the rental rate stratifications are incorrect resulting an incorrect total assessment value: (C1 p. 2)
1. Commercial Retail Unit [CRU] space between 1,001 and 2,500 square feet has a rental rate value of \$22 assessed and it should be \$17;
 2. CRU space between 6,001 and 14,000 square feet has a rental rate value of \$18 assessed and it should be \$15; and
 3. Retail office space has a rental rate value of \$16 assessed and it should be \$14.
- [10] The Complainant reviewed the subject details including; 2012 Assessment Notice, Property Assessment Summary Notice, Non-Residential Properties – Income Approach Valuation, maps, photos, and Requested 2012 Shopping Centre Assessment Summary. (C1 pp. 85-97)
- [11] The Complainant provided information regarding retail office rental rates in the Macleod Trail area and throughout the city. The conclusion is a median of \$14, based on the rental rate of 23 leases along Macleod Trail, signed between January 1, 2010 and September 1, 2011, and ranging between 258 square feet and 33,516 square feet. The conclusion derived with 62 leases is a weighted mean of \$13.97, for rental rates throughout the city, signed between February 1, 2009 and November 1, 2011, and ranging between 258 square feet and 33,516 square feet. (C1 pp. 98-111)
- [12] The Complainant presented a chart entitled; '6,001 – 14,000 CRU Market Rental Rate Comparables (Macleod)' to derive \$15 rental rate and a similar analysis of the southwest to derive a \$15.25 rental rate. (C1 p. 112)
- [13] The Complainant reviewed data for their 1,001 – 2,500 CRU rental rate argument arriving at a conclusion that a \$17 rental rate is appropriate. (C1 pp. 113-137)
- [14] The Complainant concluded with their requested assessment of \$10,840,000, indicating that location (rather than class) provides better comparables to determine market value. (C1 p. 139)

Respondent's position

- [15] The Respondent began their presentation with the statement that the subject is a strip centre while the Complainant has provided a rental roll and two rental rate analyses of neighbourhood shopping centres. (R1 p. 4)

- [16] The Respondent indicated that the Complainant wanted the rental rate reductions while accepting other inputs including; capitalisation rate, operating costs, shortfall, vacancy, including the market rental rates applied to the remaining space. Further, the Respondent submitted Board decisions regarding the request to change one input of the income valuation formula without consideration of the impacts on other inputs. (R1 p. 4 and 86-101)
- [17] The Respondent reviewed the subject details referred to by the Complainant as well as the Assessment Request for Information [ARFI]. (R1 pp. 6-30)
- [18] The Respondent provided analysis of lease comparables for CRU space 1,001 to 2,500 square feet deriving a median of \$22 while the subject's actual median is \$21.50. (R1 pp. 32-36)
- [19] The Respondent provided analysis of lease comparables for CRU space 6,001 to 14,000 square feet deriving a median of \$17.50. (R1 pp. 37-44)
- [20] The Respondent provided analysis of lease comparables for southeast retail office space deriving a median of \$15.34. (R1 pp. 45-47)
- [21] The Respondent concluded by submitting that the assessment is correct, fair and equitable and requested a confirmation.

Board's findings

- [22] The Board found the information provided by the Respondent in the case of the 1,001 to 2,500 CRU space to be more comparable than the Complainant's for example, the Respondent included several leases within the subject and nearby properties that the Complainant did not include. The evidence for the 6,001 to 14,000 CRU space is sparse (in comparison to the 1,001 to 2,500 CRU space) confirms the assessment.
- [23] Regarding the retail office space, the evidence provided by the Complainant is more abundant than the Respondent's evidence. Further, as pointed out by the Respondent, changing one input without considering of other inputs is problematic. In CARB 1331/2011-P W. Kipp stated on the final page (near the end of the first paragraph); *"The Complainant cannot simply adopt some input factors used by the Respondent without demonstrating that those inputs would be the ones the market would apply to properties where office rental rate was different than that used in the Respondent's analysis."*
- [24] **The Board, in considering the evidence and testimony before it, find the assessment to be correct, fair and equitable.**

Matter #4 - an assessment class

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

Board's Decision:

[26] The Board determined that the subject's assessment is correct at a value of \$12,700,000 which reflects market value and is fair and equitable.

DATED AT THE CITY OF CALGARY THIS 17 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
2. R1	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.*

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