

**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:**

***Mount Royal Properties Ltd.,  
(as represented by Altus Group Ltd.), COMPLAINANT***

**and**

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

**before:**

***L. Wood, PRESIDING OFFICER  
R. Deschaine, MEMBER  
D. Morice, 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>067965780</b>
<b>LOCATION ADDRESS:</b>	<b>1 1508 8 ST SW</b>
<b>HEARING NUMBER:</b>	<b>63192</b>
<b>ASSESSMENT:</b>	<b>\$6,630,000</b>

This complaint was heard on 9 day of September, 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:

- *Mr. L. 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 two - storey, 22,115 sq. ft. retail condo located in the Beltline community. The main floor of the retail condo is occupied by London Drugs. There are two smaller office areas on the second level. The building is situated on 0.72 acres of land. The land use designation is Centre City Multi - Residential High Rise District and Centre City Commercial Corridor District. The building was constructed in 2001 and was assessed with a quality rating of "Good".

The subject property was assessed based on the Direct Sales Comparison approach at a rate of \$300.00 psf.

**Issues:**

1. The subject property should have been assessed based on the Income Approach to value as opposed to the Direct Sales Comparison approach.

**Complainant's Requested Value:** \$6,230,000

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

1. The subject property should have been assessed based on the Income Approach to value as opposed to the Direct Sales Comparison approach.

The Complainant submitted there is a lack of sales of retail condos, particularly ones over 20,000 sq. ft.; therefore, the Income Approach would produce a more accurate value. The Complainant argued that if the subject property was listed for sale, a potential buyer would consider its income. In this instance, the leases in the subject property, including two on the upper level, would have to be taken into consideration.

The Complainant submitted an Income Approach to value in which a \$26.00 psf rental rate was applied to the London Drugs area of 18,455 sq. ft. The Complainant submitted this rate was based on the 2011 business assessment for London Drugs at \$24.00 psf (Exhibit C1 page 25).

He stated the \$26.00 psf rate reflects the \$2.00 psf variance between business and property assessments. He also applied an assessed rate of \$1.00 psf to the mezzanine space of 3,659 sq. ft. The Complainant's remaining income parameters (vacancy, non-recoverable allowance, capitalization rate etc.) were based on those used in assessing the comparable located at 813 11 AV SW (Safeway), which, he indicated is a superior property (Exhibit C1 page 22). Based on the Complainant's analysis, he derived a requested value of \$6,230,000 for the subject property (Exhibit C1 page 21).

The Respondent submitted the 2011 assessment for the subject property did not change from last year (Exhibit R1 page 9). The assessment was based on the Direct Sales Comparison approach at a rate of \$300.00. The Respondent submitted the subject property's Rent Roll for April 2010 (Exhibit R1 page 13). It reflects that London Drugs is leasing 18,445 sq. ft. at a rate of \$19.50 psf (leased from March 2001 to February 2026). It also reflects one tenant (Matthews & Matthews, an accounting firm) is leasing two spaces on the upper level: one is 2,987 sq. ft. at a rate of \$15.00 psf (leased from July 2005 to March 2011); the other is 1,680 sq. ft. at a rate of \$16.00 psf (leased from February 2009 to March 2011). The Respondent argued that the subject property's leases would result in a value of \$6,800,000 based on the Income Approach to value.

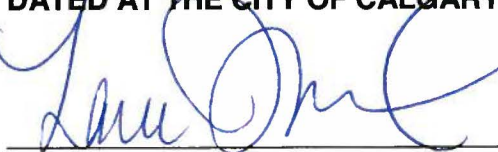
The Board was not convinced that the Direct Sales Comparison approach is the preferred method to value retail condos because of the lack of sales in the market. Neither party had any retail condo sales to present to the Board. The lack of sales is also reflected in the assessed value for the subject property remaining the exact same since last year. The Board noted that the Respondent did not provide any evidence to support the \$300.00 psf assessed rate that was applied to the subject property.

However, the Board was not convinced by the analysis put forward by the Complainant based on the Income Approach to value. The Complainant's argument that the second floor should be assessed as mezzanine space at a rate of \$1.00 psf is weak, especially in light of the leases in place, generating rates of \$15.00 psf and \$16.00 psf for office space. If those leases were taken into consideration, the value derived based on the Income Approach to value would exceed the current assessment for the subject property.

**Board's Decision:**

The decision of the Board is to confirm the 2011 assessment of the subject property at \$6,630,000.

DATED AT THE CITY OF CALGARY THIS 13 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. 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.*