

**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:

***First Capital (McKenzie Town Lands) Corporation
(as represented by Altus Group Limited), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***J. Dawson, PRESIDING OFFICER
D. Pollard, MEMBER
J. Lam, 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:	200349744
LOCATION ADDRESS:	49 McKenzie Town Avenue SE
LEGAL DESCRIPTION:	Plan 0312030; Block 24; Lot 7
HEARING NUMBER:	68334
ASSESSMENT:	\$ 3,260,000

- [1] This complaint was heard on the 1 day of November, 2012 at the office of the Assessment Review Board [ARB] located at Floor Number 4, 1212 31 Avenue NE, Calgary, Alberta, Boardroom 2.
- [2] Appeared on behalf of the Complainant:
- B. Neeson 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 2010, the subject – 49 McKenzie Towne Avenue SE, is a single-storey retail bank building located at the corner of 52 Street and McKenzie Town Avenue SE in the community of McKenzie Towne.
- [6] The Respondent prepared the assessment on the income approach showing 5,713 square feet of retail bank space graded as an 'A+'. The site has an area of 32,831 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 typical market rental rate for the subject?*

Complainant's Requested Value:

On complaint form:	\$2,700,000
Within disclosure:	\$2,960,000
Confirmed at hearing:	\$2,960,000

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

- [9] The Complainant argues that the assessed rental rate of \$45 per square foot does not reflect market. An analysis of SE retail banks constructed since 2007 shows a typical rental rate of \$38 per square foot while the subject lease is \$41 per square foot. (C1 p. 2)
- [10] The Complainant reviewed the subject's details including; 2012 Property Assessment Notice, Property Assessment Public Report, Non-Residential Properties – Income Approach Valuation, 2012 Municipal Shopping Centre Assessment Summary, maps, and photo. (C1 pp. 9-18)
- [11] The Complainant provided the rent roll of the subject indicating a rental rate of \$41 per square foot commencing December 28, 2009. (C1 p. 20)
- [12] The Complainant submitted a single page report entitled '2012 Comparable Leases – Bank Space'. In the report there are five leases that commenced between September 20, 2007 and November 17, 2009. The range is \$35.75 per square foot to \$55 per square foot deriving a median of \$38 per square foot and a mean of \$41.35 per square foot. (C1 p. 21)
- [13] The Complainant outlined their requested assessment showing the inputs of; vacancy allowance, vacant space shortfall allowance, non-recoverable allowance, and capitalisation rate, the same as assessed with a market rental rate of \$41 per square foot. (C1 p. 23)
- [14] In summation the Complainant indicated that using the Respondent's data for the southeast only derives the requested value.

Respondent's position

- [15] The Respondent began their presentation indicating that the assess rental rate is correct at \$45 per square foot. (R1 p. 3)
- [16] The Respondent summarised the Retail Property Valuation approaches taken by the Respondent for all retail properties within the municipality. (R1 p. 4)
- [17] The Respondent reviewed the subject property including; map, photos, and valuation details for the subject. (R1 pp. 6-12)
- [18] The Respondent provided a study entitled '2012 Banks' that concludes for banks 2008 and newer a median of \$45, and a mean of \$44.31. Seventeen leases were analysed including the subject lease. (R1 pp. 14-17)
- [19] The Respondent included a Board decision on the subject in 2012 for Business Tax which was confirmed. (R1 pp. 30-34)

- [20] The Respondent concluded that the assessment is correct, fair and equitable and requested that the Board confirm the assessment. (R1 p. 19)

Board's findings

- [21] The Board reviewed the evidence and notes the rent roll for the subject indicates a space of 6,055 square feet while the assessment shows 5,713 square feet.
- [22] The Board considered the evidence supplied by both parties and finds the 2008 and newer period of stratification consistent and equitable with assessments throughout the municipality.
- [23] The Board analysed the southeast bank leases provided by the Respondent, omitting the subject, leaving four of seventeen leases remaining.

Address	Year of Construction	Area (square feet)	Rental Rate	Lease commencement date
356 Cranston Road SE	2009	5,436	\$55.00	November 17, 2009
163 Quarry Park Boulevard SE	2010	5,517	\$38.00	August 1, 2009
9608 Macleod Trail SE	2009	7,329	\$48.00	April 25, 2009
1221 Canyon Meadows Drive SE	2010	6,200	\$40.00	January 29, 2011
Median			\$44.00	
Mean			\$45.25	
Weighted Mean			\$45.27	

- [24] The Board found the median, mean and weighted mean of southeast bank leases supported the assessment.

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]

After considering all the evidence and argument before the Board it is determined that the subject's assessment is correct at a value of \$3,260,000 which reflects market value and is fair and equitable.

DATED AT THE CITY OF CALGARY THIS 21 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 – 45 pages
2. R1	Respondent Disclosure – 38 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	Neighbourhood Mall	Income Approach	Market Rental Rate