

**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:

Totem Developments Ltd., (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

S. Rourke, MEMBER

R. Kodak, 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:

ROLL NUMBER: 074005000

LOCATION ADDRESS: 1832 52 ST SE

HEARING NUMBER: 62770

ASSESSMENT: \$9,260,000

This complaint was heard on the 14th day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- K. Fong

Appeared on behalf of the Respondent:

- M. Byrne

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

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

Property Description:

The subject property is a 3.06 acre parcel of land improved with a 41,873 square foot (sf.) Totem Building Supplies retail store, located in the Forest Lawn industrial area. The property is assessed as a B class Jr. Big Box (i.e. 14,000 to 50,000 sf.) retail warehouse, based on capitalized income to total amount of \$9,260,000 (rounded).

Issues:

1. Does the Current Assessment Amount Exceed the Market Value of the Subject Property?
 - (a) Should 12,075 sf. of the net rentable area be classified as cold storage and assessed at \$2 psf.?
 - (b) Should the assessed rental rate for the retail area be reduced from \$17 psf. to \$12 psf.?
2. Is the Current Assessment Amount Equitable when Compared to the Assessments of Similar Properties?

Complainant's Requested Value: \$4,940,000

Board's Finding in Respect of Each Matter or Issue:**1. Does the Current Assessment Amount Exceed the Market Value of the Subject Property?**

- (a) Should 12,075 sf. of the net rentable area be classified as cold storage and assessed at \$2.psf.?

The Respondent conceded that the net rentable area of 41,873 sf., currently assessed at a rent rate of \$17 psf., should have been reduced to a revised total of 29,798 sf. The difference of 12,075 sf., should have been assessed at the cold storage rate of \$2 psf. Based on these changes, the Respondent recommended that the assessment be reduced to \$6,890,000 (rounded).

The Complainant and the Board accepted the Respondent recommendation.

- (b) Should the assessed rental rate for the retail area (revised to 29,798 sf.), be reduced from \$17 psf. to \$12 psf.?

The Complainant argued that the subject property is a former distribution warehouse constructed in 1974, and is located in a secondary retail location. In this regard, most properties similar to the subject, fall within the C class Jr. Big Box stratum of retail warehouses (i.e. 14,000 to 50,000 sf. size range), and are assessed at \$12 psf. of net rentable area. Properties assessed at \$17 are newer A and B class retail properties located in superior retail areas such as Power Centres.

In support, the Complainant submitted a list of thirteen (13) lease rate comparables (Chart, page 38 of Exhibit C1). The lease rates were used by the Respondent to support the \$12 rate applied to the assessments of similar properties including the property at 3505 Edmonton TR NE; a former distribution warehouse built in 1979 that the Complainant has identified as being the best comparable to the subject.

The Respondent submitted the list of twenty-eight lease rate comparables (Chart, page 21 of Exhibit R1) used to establish the \$17 psf. rate applied in the assessments of typical A and B class Jr. Big Box 14,000 to 50,000 sf., retail stores in Calgary.

The Board finds that, on balance, the subject property is most similar to C Class Jr. Big Box 14,000 to 50,000 sf., retail stores, and therefore should be assessed at the typical rate \$12 psf. of net rentable retail area.

2. Is the Assessment Amount Equitable when Compared to the Assessments of Similar Properties?

The Complainant submitted thirteen (13) C class comparables, (Chart, page 23 of Exhibit C1), all assessed at \$12 psf. of net rentable area.

The Respondent submitted sixty-two (62) A and B class comparables (Charts, pages 18 and 19 of Exhibit R1), all assessed at \$17 psf. of net rentable area.

The Board finds that assessment amount should be calculated using a \$12 rate psf. of net rentable area; to maintain equity with the assessments of similar properties.

Board's Decision: The assessment is reduced to \$4,940,000

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF NOVEMBER 2011.



T. B. Hudson
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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.*

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<i>Decision No.</i>		<i>Roll No.</i>		
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail	Jr. Big Box	Class and space type	Rent Rates