

**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., COMPLAINANT  
(Represented by ALTUS GROUP)***

**and**

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

**before:**

***Board Chair P. COLGATE  
Board Member D. POLLARD  
Board Member Y. NESRY***

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: 112108709**

**LOCATION ADDRESS: 7500 MACLEOD TRAIL SE**

**HEARING NUMBER: 63113**

**ASSESSMENT: \$5,290,000.00**

This complaint was heard on 18 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:

- *Kam Fong, Altus Group – Representing Glenmac Corporation Ltd.*

Appeared on behalf of the Respondent:

- *Margaret Byrne – Representing the City of Calgary*

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

The Board derives its authority to make this decision under Part 11 of the Municipal Government Act. The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the hearing, and the Board proceeded to hear the merits of the complaint.

**Property Description:**

The subject is a strip shopping centre located at 7500 Macleod Trail SE. The parcel is improved with two retail buildings containing 39,799 square feet. The site covers 1.66 acres of land.

**Issue:**

1. Is the rent rate correct for the Commercial Rental Units (CRU) correct?
2. Is the location of the rear building in a 'poor retail location'?
3. Is the rent rate for automotive space correct?
4. Is the rent rate for the second floor office space correct?

**Complainant's Requested Value:**

\$4,330,000.00

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

The Complainant provided background material in the form of location maps and ground level photographs of the subject property. (R1, Pg. 18-21)

The Complainant requested a reduction for the CRU 2,501 – 6,000 square feet from \$17.00 to \$15.00 per square foot, for the second floor office areas from \$15.00 to \$12.00 per square foot and for the automotive space from \$18.00 to \$10.00 per square foot. (C1, Pg. 7 & 23)

The Respondent provided Aerial photographs, ground level photographs and the 2011 Non-Residential Properties – Income Approach Valuation report on the subject property. (R1, Pg. 16-22)

**ISSUE 1:** Is the rent rate correct for the Commercial Rental Units (CRU) correct?

**Complainant's Evidence:**

The Complainant submitted an April 2009 Tenant Rent Roll for the subject property (C1, Pg. 24) and a 2009 Rent Roll for Chinook Village (C1, Pg. 25) to support the requested changes to the rental rates.

**Respondent's Evidence:**

The Respondent submitted an Assessment Request for Information (ARFI) survey returned April 23, 2010 (R1, Pg. 23-28) in support of the rent rates being applied to the subject property.

The Respondent provided leases for three comparable spaces with rent rates ranging from \$18.00 to \$20.00 per square foot in support of the \$17.00 rent rate. The leases indicated commencement dates in 2008 and 2009. (R1, Pg. 30)

**Findings of the Board**

**Complainant's Submission:**

The Board found the 2009 Rent Roll for the subject property provides only two leases of CRU spaces in the 2,501 – 6,000 square foot range – Spirit Fitness with 3141 square feet renting for \$22.00 per square foot and the World International Ministries with 7,286 square feet renting for \$12.35 per square foot. The average rent for the two spaces would be \$17.18 per square foot.

The Board found the 2009 Rent Roll for Chinook Village provided no spaces which fell in the designated CRU range 2,501 to 6,000 square feet.

**Respondent's Submission:**

The Board found that the Respondent's evidence showed the current lease had increased to \$13.25 per square foot for the World International Ministries space, with a resulting corresponding increase in the average rent rate for the two spaces to \$17.63 per square foot for those provided by the Complainant.

The lease information provided indicates support for the \$17.00 rent rate applied by the City of Calgary.

**ISSUE 2:** Is the location of the rear building in a 'poor retail location'?

**Complainant's Evidence:**

In testimony the Complainant states the building at the rear of the parcel should have a poor retail location rate of \$10.00 applied due to both its location and the proximity to the train and LRT tracks. The Complainant stated the building has limited access and reduced exposure to Macleod Trail. In support, the Complainant provided a comparable at 180 94 Avenue SE with a poor retail location rate applied to 10,580 square feet. (C1, Pg. 26)

**Respondent's Evidence:**

The Respondent shows the site has only one access from Macleod Trail and there is adequate signage on Macleod Trail to advertise the location of the businesses in the rear building.

**Findings of the Board**

The Complainant failed to present compelling evidence in support of a reduced rate for poor location. The Board, when reviewing the property notes the businesses occupying the rear structure are paying rents in excess of the requested \$10.00 rate, as shown by the rent rolls provided by the Complainant and the Respondent.

The request for a \$10.00 – poor retail location rate is not supported by evidence.

**ISSUE 3: Is the rent rate for automotive space correct?****Complainant's Evidence:**

The Complainant requested the rental rate for the automotive space be reduced from \$18.00 per square foot to \$10.00 per square foot.

The Complainant referred to the April 2009 Tenant Rent Roll with specific reference to the Dales Adams Auto which indicated a rent rate of \$12.40 per square foot for 7,286 square feet on the ground level and \$5.00 per square foot for 6,435 square feet in the basement. The rent roll indicates the leased space would increase to \$13.25 per square foot on November 1, 2009 and to \$13.50 per square foot on November 1, 2010. The lower space would increase to \$6.00 per square foot on November 1, 2009. (C1, Pg. 24)

The Complainant submitted a City of Calgary 2011 Business Assessment Comparable Report which indicated for Automotive Mechanical Repair spaces the rent rate applied of \$14.00 per square foot. (C1, Pg. 29). Special note was made of two spaces located at 5908 Macleod Trail SW.

Additionally, the Complainant submitted a City of Calgary 2011 Business Lease Comparable Report which indicated leases ranging from \$12.36 to \$17.00 per square foot for automotive retail space. Special note was made of the two spaces located at 5908 Macleod Trail which also appeared on the comparable list at \$14.00 per square foot for the assessment rate. (C1, Pg.30)

**Respondent's Evidence:**

In testimonial evidence the Respondent submitted the comparable properties the Complainant had provided were from free standing retail buildings not retail strip centres and were therefore assessed differently from the subject.

The Respondent referred to the ARFI submitted on the subject Property, which indicated a lease rate of \$13.25 per square foot on the main floor and \$6.00 per square foot for the basement area. It was the position of the Respondent the combined rent for the main and

basement space exceed the assessment value and therefore the rental rates applied by the City of Calgary were reasonable.

	Tenant Area	Actual Rent Rate Per Square Foot	Base Rent	City Assessment Rate	City Assessment
Main	3927	\$13.25	\$52,032.75	\$18.00	\$70,686.00
Lower	6435	\$6.00	\$38,610.00	\$2.00	\$12,870.00
Total			\$90,642.75		\$83,556.00

The Respondent submitted a 2011 Business Lease Comparable Report (R1, Pg. 32) which indicated the lease for the subject automotive space is \$13.25 per square foot on a lease signed in 2006. Two comparable leases were provided with lease rates of \$20.00 and \$16.00 per square foot for leases signed in 2007.

### **Findings of the Board**

The Board finds the Complainant's evidence more compelling than the comparables provided by the Respondent. The Complainant has provided evidence of a consistent application of a \$14.00 rate for automotive mechanical repair facilities by the City of Calgary. As stated previously the Board is not persuaded by the request for a \$10.00 rate as the current rent rates in the building exceed this level.

The Respondent's position that the comparables are free standing, unlike the subject, does not persuade the Board. The example of 5908 Macleod Trail SW shows at least two businesses located at the location, very similar to the structure to the rear of the subject property which houses the automotive repair and a church.

The Board accepts the request to reduce the rent on the automotive space and sets the rate at \$14.00.

### **ISSUE 4: Is the rent rate for the second floor office space correct?**

#### **Complainant's Evidence:**

The Complainant requested an assessment rate of \$12.00 per square foot for the second floor office space, a decrease from the current \$15.00 assessment rate.

The Complainant submitted the 2009 Tenant Rent Roll which indicated lease rates ranging from \$9.00, for a 1999 lease, to \$14.00 per square foot, for 2007 and 2008 leases. (C1, Pg. 24 & R1, Pg 24 - 28)

The only addition evidence submitted by the Complainant is the 2009 Rent Roll for Chinook Village which provides one lease for a second floor space at \$10.50 per square foot.

**Respondent's Evidence:**

The Respondent presented the April 2010 ARFI which showed 2 current leases on the second floor for \$14.00 per square foot, signed in 2007 and 2008. (R1, Pg.23-28)

The Respondent submitted a 2011 Business Lease Comparable Report which provided one lease from the subject property at a rate of \$14.00 per square foot and three comparable properties with leases ranging from \$14.00 to \$15.00 per square foot. (R1, Pg. 31)

**Findings of the Board**

The Complainant's requested rate is not supported by actual leases in the subject property. The most recent leases provide better evidence to support the current assessment rate of \$15.00 per square foot. The only second floor lease in the comparable property, while indicating a lower rate, was a lease signed in December of 2006.

The Board finds while the comparables provided by the Respondent support the current assessment rate the Board questions the location of two comparables in Forest Lawn. The Board finds they are too distant from the subject to be compelling comparables.

**Board's Decision:**

On Issue 1, the assessment rate for CRU space of 2,501 to 6,000 square feet, the Board finds the Complainant has provided insufficient evidence to alter the rate.

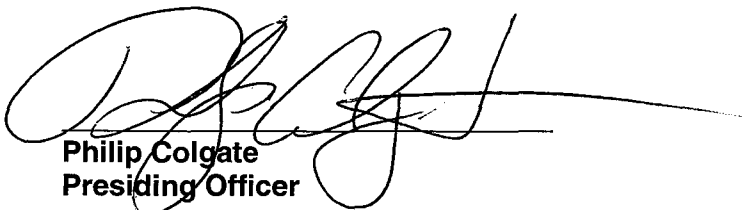
On Issue 2, the poor retail location assessment rate, the Board there was insufficient evidence to support the application of the reduced assessment rate.

On Issue 3, the rate applied to automotive retail space, the Board accepts the Complainant's request for a reduction and sets the assessment rate at \$14.00 per square foot.

On Issue 4, the assessment rate for second floor office space, the Board finds the Complainant has provided insufficient evidence to alter the rate.

**The Board reduces the assessment to \$5,090,000.00.**

DATED AT THE CITY OF CALGARY THIS 9 DAY OF November 2011.



Philip Colgate  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
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.*

**FOR ADMINISTRATIVE USE**

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Strip Plaza	Income Approach	-Net Market Rent/Lease Rates

**LEGISLATIVE REQUIREMENTS****MUNICIPAL GOVERNMENT ACT****Chapter M-26**

1(1)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

**Division 1****Preparation of Assessments****Preparing annual assessments**

**285** Each municipality must prepare annually an assessment for each property in the municipality, except linear property and the property listed in section 298. RSA 2000 cM-26 s285;2002 c19 s2

**289(2)** Each assessment must reflect (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property,

**ALBERTA REGULATION 220/2004****Municipal Government Act****MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION**

1(f) "assessment year" means the year prior to the taxation year;

**Part 1****Standards of Assessment****Mass appraisal**

**2** An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

**Valuation date**

**3** Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.