

**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 Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***C. McEwen, PRESIDING OFFICER
S. Rourke, MEMBER
P. Pask, 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: 200669646

LOCATION ADDRESS: 14815 BANNISTER RD SE

HEARING NUMBER: 63892

ASSESSMENT: \$8,670,000

This complaint was heard on 27th 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:

- B. Neeson

Appeared on behalf of the Respondent:

- G. Bell

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

There were no jurisdictional or procedural matters raised.

Property Description:

The subject property is Totem Building Supplies, a retail warehouse located between MACLEOD TR SE and BANNISTER RD SE at the corner of 149th AVE SE in the Midnapore district of Calgary. The subject, constructed in 1988, is classified as B for assessment purposes. The subject is 39,200 square feet and is assessed using the Income Approach to Value.

Issues:

Is the subject property assessed higher than market value and is the subject assessment, therefore, inequitable to comparable properties? Specifically, should the assessed rent rate be reduced from \$17 per square foot (psf) to \$12 psf?

Complainant's Requested Value:

\$5,320,000

Board's Findings and Reasons in Respect of Each Matter or Issue:

Should the assessed rent rate be reduced from \$17 psf to \$12 psf?

The Complainant provided two tables containing thirteen lease and equity comparables and requested that the subject property be assessed using the same \$12 psf rental rate as the comparables. The Complainant provided photographs of the subject and comparable properties to demonstrate their comparability. The Complainant further argued that because the subject property was similar to the comparables in sub property classification, age and appearance that the subject assessment should be calculated using the same inputs as the comparables.

The Respondent argued that the subject and the Complainant's comparables were classified as Junior Big Box properties and the difference between them was the quality rating applied to each property for assessment purposes. The subject property was rated as B quality whereas the comparables' quality ratings were C-, C and C+. The Respondent explained that Junior Big Box properties were assigned a rental rate of either \$17 psf or \$12 psf depending on their quality characteristics. Properties having a B rating were assigned the \$17 psf rate whereas properties with a C rating were assessed at \$12 psf.

The Board finds the Complainant's argument valid. The difference in quality between the subject property and the Complainant's lease and equity comparables is not readily visible from the photographs and there is no evidence before the Board to help it understand how the quality ratings were assigned. The most significant factor appears to be age, however, the Board notes that several of the comparable properties are of more recent construction than the subject and yet were assigned lower quality ratings.

In the absence of a more objective methodology for determining quality ratings, the Board finds a subject rent rate of \$12 per square foot to be both fair and reasonable.

Board's Decision:

The assessment is reduced to \$5,320,000.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF November 2011.

C. McEwen

C. McEwen
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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Stand Alone	Income Approach	Net Market Rate