



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:

CERTUS DEVELOPMENTS INC.
(as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Earl K. Williams, PRESIDING OFFICER
A. Huskinson, MEMBER
A. Maciag, 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 2013 Assessment Roll as follows:

ROLL NUMBER: 200076255

LOCATION ADDRESS: 1323 Centre Street NW

FILE NUMBER: 72418

ASSESSMENT: \$5,040,000

This complaint was heard on 12th day of August, 2013 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 Agent, Altus Group Ltd
- D. Main Agent, Altus Group Ltd

Appeared on behalf of the Respondent:

- E. D'Altorio Assessor, The City of Calgary
- N. Domenie Assessor, The City of Calgary
- T. Johnson Assessor, The City of Calgary (Observing)
- N. Sunderji Assessor, The City of Calgary (Observing)

Procedural or Jurisdictional Matters:

[1] The parties notified the Board that the issue of the assessed capitalization rate.(cap rate) has been withdrawn in respect of the subject property (File # 72418).

[2] No additional Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[3] The subject property at 1323 Centre St NW (Centre Pointe Plaza) is a 15,469 square foot (sq. ft.) retail centre on 0.87 acre of land with a 1972 year of construction (yoc) assigned a A- quality rating in the community of Crescent Heights with the Property Use: Commercial and Sub Property Use: CM0201 Retail – Free Standing. The space profile of the subject property is as follows: 867 sq. ft. of Commercial Retail Units (CRU)<1,000 sq. ft.; 1,337 sq. ft. of CRU 1,001-2,500 sq. ft.; 3,062 sq. ft. of CRU 2,501-6,000 sq. ft.; 8,275 sq. ft. of CRU 6,001-14,000 sq. ft.; 1,018 sq. ft. of office and 910 sq. ft. of Retail Upper.

Issues:

[4] Should the subject property assessed on the Income Approach have an adjustment to the rental rate for CRU space 6,001-14,000 sq. ft. from \$25.00 psf to \$20.00 psf to more accurately reflect market value as of July 1, 2012?

[5] Is the January 2012 sale of the subject property more reflective of the market?

Complainant's Requested Value: \$4,775,000

Board's Decision:

[6] Based on the evidence and arguments presented, the Board supports that the January 2012 sale price is reflective of the market.

[7] The assessment is reduced to \$4,775,000.

Position of the Parties

[8] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[9] The Complainant's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the City of Calgary 2013 Property Assessment Summary Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet. In support of the Rental Rate the evidence included rental rate analysis and market sales information.

[10] The Respondent's evidence package included a Summary of Testimonial Evidence, maps identifying the location of the property, photographs of the exterior of the subject property, the 2013 Property Assessment Notice, the Assessment Explanation Summary, the Assessment Request for Information (ARFI), lease comparables for CRU 6,001-14,000 sq. ft. as well as a number of Assessment Review Board decisions in support of their position.

Issue – Rental Rate

Complainant's Position:

[11] The Complainant advised the Board that the evidence and arguments to be presented will show from 2 perspectives that the subject property is over assessed.

- 1) The January sale of the subject is reflective of the market value.
- 2) If the Income Approach is the basis for the assessment the rental rate for the CRU 6,001-14,000 sq. ft. must be reduced to be reflective of the market rental rate.

[12] In support of the January 2012 arm's length sale of the subject property, the Complainant's reviewed the Commercial Edge summary (page 23 Exhibit C-1) of the sale of the subject property for \$4,775,000. The transaction is 6 months before the valuation date and is reflective of the market value.

[13] In respect of the market rental rate for the CRU 6,001-14,000 sq. ft. the Complainant presented a table titled 2013 CRU Rental Rate Analysis (page 52 Exhibit C-1) which presented lease particulars on two tenants in free standing properties both assigned the Property Use CM0201 (see table paragraph [14]). One is a tenant in the subject property (1323 Centre St NW) and the other is a comparable (130 16 Ave NW) which is in the same geographic quadrant approximately 6 blocks from the subject.

[14] The following table presents the lease particulars on the two tenants

2013 CRU Rental Rate Analysis

Civic Address	Quadrant	Quality	Leased Area	Lease Start Date	Leased Rate
1323 Centre St NW	NW	A-	8,275 sq. ft.	December 2011	\$20.00 psf
130 16 Ave NW	NW	C+	6,501 sq. ft.	April 2012	\$13.00 psf
Mean					\$16.50 psf
Median					\$16.50 psf

[15] Based on the above analysis the Complainant argues that the market rental rate for the CRU 6,001-14,000 sq. ft. is \$20.00.

[16] In summary the Complainant argued that regardless of the approach used to determine the assessed value, the sale price of subject property or Income Valuation, the assessed value of the subject property should be no greater than \$4,775,000.

Respondent's Position:

[17] In support of the rental rate for CRU 6,001-14,000 sq. ft. the Respondent reviewed August 2012 ARFI for the subject property. The ARFI on page 19 of Exhibit R1 reported there is only one tenant in the CRU 6,001 -14,000 sq. ft. category and the rental rate is \$20.00 psf.

[18] On page 22 of Exhibit R-1 the Respondent presented a table titled Lease Comparables 6,000 – 14,000 sq. ft. in support of the market rental rate of \$25.00 psf.

Civic Address	Quadrant	Quality	Leased Area	Lease Start Date	Leased Rate
1323 Centre St NW	NW	A-	8,275 sq. ft.	December 2011	\$20.00 psf
7395 11 St SE	SE	A-	10,400 sq. ft.	May 2011	\$25.00 psf
Median					\$22.50 psf

[19] In summary the Respondent argued that based on the review of the Complainant's ARFI and the comparables presented in paragraph [18] with a median rental rate of \$22.50 which support the CRU 6,001-14,000 sq. ft. of \$25.00 psf. Therefore, the assessment is supported.

Board's Reasons for Decision:

[20] In respect of the market rental rate for CRU 6,001-14,000 sq. ft. the Board noted that both parties utilized 2 different comparables. One being the tenant in the subject property which meant that the second becomes the focus of comparability. The Board's comments on the second comparable are as follows:

- 1) There was a difference in the quality rating of the property, a C+ (Complainant) versus A- (Respondent).
- 2) The Complainant's comparable was in the same NW quadrant, approximately 6 blocks from the subject.
- 3) The Respondent's comparable was in the SE quadrant many kilometres from the subject.

[21] Based on the evidence the Board supports \$20.00 psf rental rate for the CRU 6,001-14,000 sq. ft. The Respondent's position that \$22.50 psf supports \$25.00 psf when rounded up was not supportable.

[22] Based on the evidence that the sale of the subject property in January 2012 for \$4,775,000 was an arm's length transaction 6 months before the July 2012 assessment date and would be reflective of market value.

[23] Based on the evidence and arguments presented, the January 2012 transaction is representative of the market value of the subject property and the basis to determine the assessed value.

DATED AT THE CITY OF CALGARY THIS 4th DAY OF November 2013.

A handwritten signature in black ink, appearing to read 'EK Williams', is written over a horizontal line.

Earl K. Williams
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure Subject Property Disclosure
2. C2	Complainant Disclosure Freestanding Retail – 2013 Capitalization Rate Analysis & Summary Disclosure
3. C3	Complainant Disclosure 2013 Capitalization Rate - Rebuttal 2013 Retail Anchor Analysis
4. 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

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	RETAIL	Stand Alone	Income Approach	Lease Rate