



## **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:**

***Pados Holdings LTD. (as represented by Altus Group Limited), COMPLAINANT***

**and**

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

**before:**

***T. Golden, PRESIDING OFFICER***  
***R. Deschaine BOARD MEMBER***  
***D. Julien BOARD 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: 112105408**

**LOCATION ADDRESS: 7004 Macleod Tr SE**

**FILE NUMBER: 72514**

**ASSESSMENT: \$5,830,000**

This complaint was heard on the 8<sup>th</sup> day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *K. Fong D. Main*

Appeared on behalf of the Respondent:

- *G. Jones*

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

- [1] There were no preliminary issues.

**Property Description:**

[2] The subject is a retail strip mall with a B- quality rating located on 1.54 acres of land. The structures were constructed in 1988 and 1990. An assessment was prepared using the income approach to valuation. The rental rates are in question in the complaint and all other inputs in the income calculation are not in dispute.

**Issues:**

- [3] **Issue 1:** In the CRU categories of; 0 to 1000 sq. ft., and the 2501 to 6000 sq. ft. has the correct rental rates been applied?
- [4] **Issue 2:** Is the rent applied to the office area the correct rent?

**Complainant's Requested Value: \$5,040,000**

**Board's Decision:** The assessment is confirmed at **\$5,830,000**

**Board decision on issue 1:** In the CRU categories of; 0 to 1000 sq. ft., and the 2501 to 6000 sq. ft. the correct rental rates have been applied.

**Position of the Parties**

**Complainant's Position:**

- [5] With each of the tables of leases submitted in support of the various rental rate requests

the Complainant used leases from strip malls in closer proximity and more similar than the Respondent. These leases were much more representative of the subject. The Complainant focused on the rental rate for CRU category 1001 to 2500 sq. ft., and the 2501 to 6000 sq. ft. categories. In the Complainant's opinion the CRU 1001 to 2500 should be \$17.00 per sq. ft. rather than the assessed rate of \$20.00 per sq. ft. and the 2501 to 6000 sq. ft rate should be \$16.00 per sq. ft. rather than the assessed rate of \$19.00 per sq. ft. The first category, requested values are supported by a table of 13 leases (pg., 32 C-1). The table of B- quality strip malls has a mean range of \$13.68 per sq. ft. to \$27.00 per sq. ft. with a median of \$17.52 per sq. ft. supporting the requested rental rate.

[6] For the CRU category 2501 to 6000 sq. ft there is a table of 3 rent rates (pg. 33 C-1) ranging from \$16.00 per sq. ft. to \$18.96 per sq. ft. with a median of \$16.00 per sq. ft. These two requested rates were used in the income calculation to arrive at the requested assessment.

[7] The rebuttal provided by the Complainant was largely intended to suggest to the Board that one factor can be changed in an income calculation and that the Board could choose to adjust the rental rates and leave all the other inputs the same. C-3 rebuttal suggests that some of the leases used by the Respondent's evidence are located some distance from the subject.

### **Respondent's Position**

[8] The Respondent produced a table of 15 lease rates for CRU 1001 to 2500 sq. ft (pg. 27 R-1). The rent rates ranged from \$13.68 per sq. ft. to \$33.00 per sq. ft. It was noted that the 2012 lease ranged from \$17.52 per sq. ft. to \$30.00 per sq. ft. which supports the assessed rate. The table also indicates an upward trend in the rental rates.

[9] In the case of the CRU rates for category 2501 to 6000 sq. ft. the Respondent added 2 leases omitted by the Complainant (pg. 28 of R-1). With the additions, the assessed rate is supported.

[10] The Respondent suggested that if the rental rates change, the net operating income (NOI) must change and the cap rate must change in an Income Approach to value.

[11] The rebuttal provided by the Complainant was largely intended to suggest to the Board that one input can be changed in an income calculation and that the Board could choose to adjust the rental rates and leave all the other inputs the same.

### **Board's Reasons for Decision on issue 1:**

[12] The Board finds that in both categories that the Respondents information is more complete and although the leases may be from a somewhat wider area they are more indicative of the market. The Complainant provided weak arguments regarding the exclusion of some leases. The Board has placed more weight on the Respondents position.

[13] In the case of the 1001 to 2500 CRU rental rates the Board finds that the Respondent's lease table presents a range of rents between \$13.68 per sq. ft. to \$33.00 per sq. ft. which includes both the assessment and the requested rent rate however the Respondent's position is strengthened as the most recent leasing supports the assessed rent rate. Five leases signed in 2012 have an average rental rate of \$20.20 per sq. ft. and the assessed rate is \$20.00 per sq. ft.

[14] Similarly with the 2501 to 6000 sq. ft. CRU rates the results of the Respondent's lease evidence has a range between \$16.00 per sq. ft. and \$28.50 per sq. ft. The 2 most recent leases signed in 2012 have an average \$22.25 per sq. ft. indicating support for the assessment.

[15] Since the Board has not accepted the rental rates requested the issue of changing one input to the income calculation is not applicable in the decision. The Board did not accept the Complainant's position that the Respondent's leases were not representative of typical rental rates.

[16] Since the Board has not accepted the rental rate argument of the Complainant the issue of changing one input to the income calculation and not others, is not applicable in the decision.

**Issue 2:** The rent rate applied to the office area of \$14.00 per sq. ft. Is correct.

[17] **Complainant's Position:**

The table of 2013 office rate leases submitted in support of the rental rate requests used leases from offices in closer proximity to the subject and more similar than the Respondent's. These leases were much more representative of the subject. The requested value is supported by a table of 3 leases (C-1 Pg 34) which range from \$5.04 per sq. ft. to \$12.50 per sq. ft. with a median of \$11.00 per sq. ft. which supports the requested value.

**Respondent's Position**

[18] The Respondent presented a table of 6 office leases (pg.29 R-1) including 3 additional leases added to the Complainant's evidence. The Respondent's lease data indicates a median of \$14.75 per sq. ft. supporting the assessment.

**Board decision on issue 2**

[19] The Board accepts the Respondent position that including the additional 3 leases is reasonable. The lease rate evidence from exhibit C-1 is from a narrower range of leases. The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 28<sup>th</sup> DAY OF November 2013.



**Tom Golden**

**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. 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.*

<b>Roll</b>	<b>Address</b>	<b>Subject</b>	<b>Issue</b>	<b>Detail</b>	<b>Sub Detail</b>
112105408	7004 Macleod Tr	Strip mall	income	Rental rate	