

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:

Western Securities Limited (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: 130151905

LOCATION ADDRESS: 10735 Bonaventure DR SE

FILE NUMBER: 72520

ASSESSMENT: \$19,420,000

This complaint was heard on the 9th 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:

- *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 property is a retail strip mall of A2 quality and the retail bank is assessed as a B quality. The structures are located on a 4.44 acre parcel constructed in 1978 and 2001. An assessment was prepared using the Income Approach to assessment.

Issues:

[3] **Issue 1:** Has the correct rental rates been applied to the commercial retail unit (CRU) category 6000 to 14000 square feet (sq. ft.)?

[4] **Issue 2:** Has the rental rate for the B quality class Bank been applied correctly?

Complainant's Requested Value: \$19,120,000

Board's Decision: The assessment is confirmed at **\$19,420,000**

Board Decision Issue 1: The correct rental rates have been applied to the commercial retail unit (CRU) category 6000 to 14000 Square feet (sq. ft.)

Position of the Parties

Complainant's Position:

[5] With respect to CRU category 6000 to 14000 sq. ft. the Complainant presented a table of 5 leases (pg.34 C-1) from retail strip malls. The table shows a mean of \$22.31 per sq. ft. and median of \$21.05 per sq. ft. demonstrating the subject is over assessed and supports the request. Both A and B+ retail strip mall leases were included in the rental rate analysis.

Respondent's Position:

[6] The Respondent presented a table of 3 office leases all A- quality (pg. 28 R-1.) The lease data indicates a median of \$24.50 per sq. ft. and an average of \$23.17 per sq. ft. supporting the assessment. It was pointed out that the Complainant had included a B+ quality lease and one lease for a community shopping centre, neither of which are comparable to the subject.

Board's Reasons for Decision on issue 1:

[7] The Board reviewed the leases provided by the Complainant and agreed with the Respondent that the leases at 1221 Canyon Meadows Dr. and 9309 Macleod Tr. were not comparable to the subject and should not be included in the analysis. The evidence then supports the assessed rental rate.

[8] **Board Decision on Issue 2:** The rent rate applied to B quality class bank is the correct rental rate.

[9] Complainant's Position

[10] The retail bank is assessed at \$32.00 per sq. ft. which is excessive and should be \$30.00 per sq. ft. A table of leases 15 of B quality retail banks on pg. 69 C-1 was presented to the Board. The table yields a mean value of \$31.23 per sq. ft. and a median of \$30.00 per sq. ft. This information is the basis for the requested rental rate.

[11] The Complainant under questioning described how the table was established as it is different than a similar table presented by the Respondent. In the opinion of the Complainant the Respondent's table was in error. The Complainant accessed the "Property Assessment Summary Reports" for all retail strip malls and banks located in those malls. In some cases the strip mall quality was different than the retail bank quality. The Complainant then changed the bank quality to that of the strip mall.

[12] 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

Respondent Position

[13] The Respondent clarified the information on the "Property Assessment Summary Report" and made it clear that a strip mall may have a quality rating and a retail bank in that mall can and often do have different quality classification. This situation occurs as banks are mostly national chains that act independently from what may occur in the mall. It is not correct to

change the classification of a bank to correspond with the quality of the mall.

[14] The rental rate for retail banks is created from retail banks across the City.


[15] The Respondent provided a table of 16 leases for retail banks of B quality taken throughout the City. An analysis of the data shows a mean value of \$32.34 per sq. ft. and a median value is \$32.25 per sq. ft; both values support the assessed rental rate.

Reasons for Board Decision on Board 2

[16] The Board accepts that a retail bank may have a different quality than the remainder of the retail strip mall. Also it is reasonable to use B quality retail bank leases from across the City to calculate the typical rental rate. Reviewing the table of leases presented by the Complainant, with the intention of supporting the requested rental rate, the Board finds the list is flawed resulting in an inaccurate result. The Complainant's lease comparables on page 69 C-1 is a variety of A, B and C quality retail banks with the C quality lease lowering the overall results. When only A quality retail bank leases are considered as in the Respondent's evidence the assessment rental rate is supported.

[17] It should be noted that this complaint is a request for a reduction in assessment of 1.5% well within the acceptable range of assessments (5%).

DATED AT THE CITY OF CALGARY THIS 28th DAY OF November 2013.



Tom Golden

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.*

| Roll | Address | Subject | Issue | Detail | Sub Detail |
|-------------|-------------------------------|----------------|--------------|---------------|-------------------|
| 130151905 | 10735 Bonaventure Dr SE | Strip mall | income | Rental rate | |