

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:

MALDEGHEM HOLDINGS LTD.
(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: 058167503

LOCATION ADDRESS: 1414 Kensington Rd NW

FILE NUMBER: 72881

ASSESSMENT: \$3,280,000

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 Board was advised that there is an agreement to a reduction in the office rental rate from \$21.00 to \$13.00 per square foot (psf) and a revised assessment recognizing this change was provided by the Respondent.

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

Property Description:

[3] The subject property at 1414 Kensington Rd NW is a 10,828 square foot (sq. ft.) retail strip on 0.35 acre of land with a 1975 year of construction (yoc) assigned a A2 quality rating in the community of Hillhurst with the Property Use: Commercial and Sub Property Use: CM0210 Retail – Shopping Centres – Strip. The space profile of the subject property is: 6,147 sq. ft. of Commercial Retail Unit (CRU) <1,001-2,500 sq. ft.; 2,590 sq. ft. of office and storage space of 2,091 sq. ft.

[4] The assessment was prepared on the Income Approach with a capitalization rate (cap rate) of 6.75%; a market rental rate of \$29.00 psf for the CRU 1,001-2,500 sq. ft.; \$21.00 psf for the office space and \$2.00 for the storage space.

Issues:

[5] Should the subject property assessed on the Income Approach have the rental rate for CRU 1,001 – 2,500 sq. ft. reduced from \$29.00 psf to \$28.00 psf and the rental rate for the office reduced from \$21.00 psf to \$13.00 psf?

Complainant's Requested Value: \$2,990,000

Board's Decision

[6] Based on the evidence and arguments presented, the Board accepted the agreement between the parties to reduce the office rental rate from \$21.00 psf to \$13.00 psf, supports that the rental rate for the CRU 1,001 – 2,500 sq. ft. be reduced from \$29.00 psf to \$28.00 psf.

[7] The assessment is reduced to \$2,990,000 which reflects the Board decision outlined in paragraph [6].

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 Property Assessment Notice, the City of Calgary 2013 Property Assessment Detail Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, the Assessment Request for Information (ARFI) and comparable market lease analysis with supporting documentation.

[10] The Respondent'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 Property Assessment Notice, the City of Calgary 2013 Property Assessment Detail Report, the City of Calgary Non-Residential Properties – Income Approach Valuation work sheet, the Assessment Request for Information (ARFI) and lease comparable analysis.

Issue – CRU Rental Rate

Complainant's Position:

[11] In support of the requested rental rate the Complainant reviewed the CRU rental rate analysis on page 60 of Exhibit C1. The analysis included two properties, one being the subject property. The leased areas and rental rates were 1,066 sq. ft. for \$27.00 psf (the subject property) and 1,175 sq. ft. for \$23.00 psf. The mean and median rental rate is \$25.00 psf.

Respondent's Position:

[12] The Respondent reviewed the lease comparable table on page 23 of Exhibit R1 which presented lease particulars on 3 comparables with leased areas of 1,066, 1,175 and 1,272 sq. ft. and lease rental rates of \$28.00, \$23.00 and \$28.00 respectively. The median is \$28.00 psf.

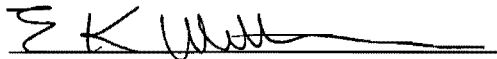
Board's Reasons for Decision:

[13] In respect of the market rental rate for CRU 1,001-2,500 sq. ft. the Board noted that in the market analysis both parties relied on leases in the subject property and provided only one comparable which was not in the subject property.

[14] Two of the three Respondent's comparables are located in the subject property and were reported in the Respondent's analysis to have a rental rate of \$28.00 psf.

[15] Based on the evidence and arguments presented, the Board supports \$28.00 psf rental rate as representative of the market for the CRU 1,001-2,500 sq. ft.

DATED AT THE CITY OF CALGARY THIS 6th DAY OF November 2013.

A handwritten signature in dark ink, appearing to read 'E K 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. 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	Strip Plaza	Income Approach	Lease rate