



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:

Harmin Holdings Ltd.
(as represented by: Altus Group Ltd.),

COMPLAINANT

and

The City of Calgary,
RESPONDENT

before:

W. Krynski, **PRESIDING OFFICER**
H. Ang, **BOARD MEMBER**
P. Pask, **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 2014 Assessment Roll as follows:

ROLL NUMBER:	200484855
LOCATION ADDRESS:	6222 36 Street SE
FILE NUMBER:	74042
ASSESSMENT:	\$4,120,000

This complaint was heard on the 26th day of August, 2014 at the office of the Assessment Review Board located at Floor #4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom #3.

Appeared on behalf of the Complainant:

- *D. Main - Agent, Altus Group*

Appeared on behalf of the Respondent:

- *C. Yee – Assessor, City of Calgary*

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

[1] Neither party objected to the composition of the Board, as introduced at the outset of the Hearing.

Property Description:

[2] The Subject Property, known as Foothills Centre, consists of a 1.86 acre parcel of land, zoned "Commercial-Corridor 3", located in the community of Foothills Industrial. The parcel is improved with two strip retail buildings consisting of 9,642 square feet (sf.) and 11,033 sf. The former was constructed in 1977, while the latter was built in 1988. The quality class of both buildings is C-.

Issues

[3] The subject property is assessed on the Income Approach to Value. The Complainant contends that the assessed rental rate for the space categorized as 'Bank', be reduced from \$27.00 per square foot (psf.) to \$18.00 psf.

Complainant's Requested Value: \$3,580,000.

Board's Decision:

[4] For the reasons outlined herein, the Board confirms the assessment at \$4,120,000.

Legislative Authority, Requirements and Considerations:

[5] The Calgary Composite Assessment Review Board takes authority from the Act and associated Regulations.

Complainant's Position:

[6] The Complainant's evidence and disclosure document was presented and labelled Exhibit C1 (69 pgs.).

[7] Various maps, aerials and photographs were provided, to offer a visualization of the location and building characteristics of the subject Property.

[8] The issue of the Complainant is the rental rate that is applied to the bank space. The assessed rate is \$27.00 psf. whereas the Complainant has requested \$18.00 psf.

[9] The Complainant argued that the subject property does not represent the typical type of property that banks generally locate in. The subject is an older 70's and 80's vintage C- class property, and banks generally tend to locate in newer A class buildings. Furthermore, the subject location in Foothills Industrial Park, at 36 Street SE and 61 Avenue SE, is not a major thoroughfare. It was argued that banks typically prefer to locate in high exposure and high traffic locations.

[10] Because of the property's location in an Industrial Park, the Complainant contends that there is a dearth of comparable properties with bank tenants, from which to draw comparable market data. Consequently, it is argued that the subject property itself provides the best market evidence for determining a typical market rent for this space type.

[11] The Complainant referenced the rent roll for the subject property dated July 1, 2013 [C1; Pg. 22]. Unit #101 is leased to the Royal Bank of Canada, with a lease term of January 1, 2009 to December 31, 2013, and a stated rent of \$16.00 psf.

[12] The Complainant reasoned that the \$16.00 psf. rent that was in place at the July 1, 2013 valuation date reflects a 2009 market, however, the renewed lease per the April 1 2014 rent roll [C1; Pg. 24] reflects an \$18.00 psf. rental rate, predicated on a January 1, 2014 commencement date. This, the Complainant argued, is the best indicator of the typical market rental rate for the bank space for this location and building quality, notwithstanding that the lease commencement date is six months *post facto* to the valuation date.

[13] The Complainant further referenced an equity comparable at 6303 30 Street SE [C1; Pgs. 29-32]. This property, being a C quality, built in 1976, is also located in Foothills Industrial Park, and is leased to the Bank of Nova Scotia. The 4,000 sf. space is assessed at a typical rental rate of \$9.75 psf. Based on this, the Complainant argued that the subject assessment at \$27.00 psf. is inequitable.

Respondent's Position:

[14] The Respondent submitted evidentiary documentation, which was labelled Exhibit R1 (57 pgs.). Various maps, aerals and photographs were provided, to offer a visualization of the location and building characteristics of the subject Property.

[15] In support of the \$27.00 psf. rental rate, the Respondent presented the City's analysis titled "2014 Bank Lease Analysis: C Quality" [R1; pg.27]. The analysis included nine leases, and provided a median value of \$27.00 psf. The Respondent noted that all were bank leases in C class retail properties, and reasonably similar in size to the subject. The analysis excluded Power Centres and Regional Malls. The Respondent explained that assessment is predicated on a mass appraisal process, and the analysis presented represents a citywide scope, in order to incorporate a significant amount of lease data. It was argued that all banks of the C quality type are assessed at the \$27.00 psf. typical rental rate.

[16] Additionally, the Respondent critiqued the Complainant's equity comparable, arguing that it is not at all similar to the subject property. The comparable, while being leased to the Bank of Nova Scotia, is not the site of a bank retail outlet. The lease represents warehouse space with minimal interior finish, in a warehouse structure, not a strip retail building like the subject.

Board's Reasons for Decision:

[17] The Board considered the evidence and argument provided by both parties, and will comment only on those points that were germane to the issues presented.

[18] The Board finds that the Complainant's evidence is not sufficiently compelling to warrant a reduction. While the assessed rental rate may, at first blush, appear to be somewhat high for the location, the Complainant did not provide any market evidence other than the subject property rent roll, to support their claim. The Board notes that the Royal Bank had every opportunity to relocate at the expiration of their lease on December 31, 2013, but chose instead to renew their lease. One might conclude that the location and quality of the subject property are compatible with the bank's business needs.

[19] The Board gave consideration to the bank lease, and also the fact that the lease was signed six months after the valuation date.

[20] Finally, the Board notes that mass appraisal principles require assessments to reflect typical market rents, and should ideally, be predicated on more than just a single actual rent within a property.

[21] The assessment is confirmed at \$4,120,000.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF September 2014.



Walter F. Krynski

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
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.*

FOR ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Commercial	Strip Retail	Rental Rate	Bank space