



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

Cantana Investments Limited
(as represented by *Altus Group Limited*), **COMPLAINANT**

and

The City Of Calgary, **RESPONDENT**

before

L. Yakimchuk, **PRESIDING OFFICER**
B. Jerchel, **BOARD MEMBER**
J. Pratt, **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: 200673804

LOCATION ADDRESS: 25 Heritage Meadows Way SE

FILE NUMBER: 74049

ASSESSMENT: \$12,860,000

This complaint was heard on August 18, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *A. Izard, Altus Group*

Appeared on behalf of the Respondent:

- *J. Lepine, City of Calgary Assessor*

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

- [1] There were no procedural or jurisdictional matters.
- [2] Neither party objected to any members of the Composite Assessment Review Board panel (the Board).

Property Description:

- [3] The subject property has been assessed as an "A2" quality 60,075 square foot (sf) retail improvement in a power shopping centre. It was constructed in 2006 in the East Fairview Industrial community and has been assessed using the income approach.

Issues:

- [4] Should the rent rate for this property be reduced from \$14.00/sf to \$13.00/sf?

Complainant's Requested Value: \$11,950,000

Board's Decision:

- [5] The Board confirmed the assessment at \$12,860,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act RSA 2000 Section 460.1:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider the Act section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in the Act Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or

if the parcel is used for farming operations, agricultural use value

Position of the Parties

Complainant's Position:

[6] Altus Group, on behalf of the Complainant, argued that the City was inconsistent in its dating of leases, and that the City Big Box study acquired through a Section 299 request for another property, showed some leases dated with the newest extension date rather than the initial move-in date (C1 p35). The Complainant dated the remaining leases according to their most recent extension dates then sorted them chronologically. There was a three year gap between the newer re-dated group of leases and the older re-dated group of leases (C1 p36).

[7] The Complainant presented the Altus Citywide Big Box 40,000-80,000 sf analysis (C1 p43). This analysis included five big box property leases with rates from \$12.00/sf to \$13.80/sf. These five leases had been selected as the most recent of eight total leases. The remaining three leases which had been included in the City of Calgary study were excluded by Altus, according to the Complainant, because the leases were much older. The values of the three older leases were \$15.50/sf to \$16.65/sf.

[8] The Complainant also included a lease from Sear's Home on 3750 Brentwood Road NW, for a rate of \$12.50/sf, corrected the rate for 3320 Sunridge Wy NE to \$13.50/sf from \$12.50/sf, and added the subject property lease at \$13.80/sf.

[9] The resulting values in the Altus Big Box study were a mean of \$12.86/sf and a median of \$12.50/sf for the five leases the Complainant had argued were newest. The requested rent rate was \$13.00/sf.

Respondent's Position:

[10] The Respondent, City of Calgary, presented the City of Calgary 2014 Big Box 40,001 - 80,000 sf rent analysis which included leases from five big box properties including the properties on the Complainant's analysis, excluding the subject and the Brentwood big box.

[11] The Respondent stated that the City had excluded the lease for the Brentwood Sears Home because it had been included in the enclosed shopping centre analysis as shopping centres are assessed separately on an individual basis. The Respondent had not been aware of the subject lease and it had not been included.

[12] The median rent rate for the 40,001sf to 80,000 sf big boxes according to the analysis was \$14.50/sf and the mean was \$14.40/sf.

[13] The Respondent argued that the extension or step-up dates for the properties were not the accurate lease dates and that the initial lease rates on move-in should be used. The table which had been sent to the Complainant in response to the Section 299 request for another property had the extension date for 11690 Sarcee Tr Nw (2011) rather than the start date (2006). The revised study, corrected after the Section 299 response had been sent, corrected the start date and an amended lease rate for Sear's Home at Sunridge Way (adjusted to \$13.50/sf from \$12.50/sf).

[14] The Respondent argued that extensions to leases were not always at market value for the extension date because step-ups may have been in the initial lease agreement and these may give the current tenant first consideration, as opposed to open market leases. This is why the City of Calgary dates leases according to the move-in, or commencement, date.

[15] The Respondent also presented Assessment Requests for Information (ARFIs) and documentation to support the lease dates and rates used in the study.

Board's Reasons for Decision:

[16] The Board considered the Complainant's argument that the City of Calgary is inconsistent in dating its leases variably at the extension date or the move-in date. There was one lease in the City study which was submitted by the Complainant that used an extension date. The Board accepted the City's explanation that this had been an oversight. The Board also accepted the Respondent's explanation that extensions do not necessarily reflect market value and accepted commencement dates as the best measure of market value for leases.

[17] The Board decided that the Sears Home on Brentwood Rd NW was part of an enclosed mall analysis and should not be included in the big box analysis.

[18] For these reasons, the Board accepted the City of Calgary Big Box 40,001 – 80,000 sf analysis, with a median of \$14.50/sf and a mean of \$14.40/sf as the best measure of the typical value for these improvements. The assessed rent rate of \$14.00/sf is accepted.

[19] The assessment is confirmed at \$12,860,000.

DATED AT THE CITY OF CALGARY THIS 04 DAY OF September 2014.



L. Yakimchuk

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant revised calculation
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 office use only:

A	B	C	D	E
CARB	Retail	Freestanding	Income approach	Rent
