

October 24, 2012

David Porteous
Altus Group
1200, 333 11th Avenue SW
CALGARY, AB T2R 1L9
E-mail: CalgaryTax@AltusGroup.com

Dear Mr. Porteous:

Re: Composite Assessment Review Board Hearing on Roll Number 0058275

Attached please find the Okotoks Composite Assessment Review Board Order for the hearing held regarding the above-noted roll number.

Please do not hesitate to contact me if you require any further information.

Sincerely,



Linda Turnbull
Assessment Review Board Clerk
lturnbull@okotoks.ca

c: Town of Okotoks Assessment Services
Minister of Municipal Affairs



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OKOTOKS COMPOSITE ASSESSMENT REVIEW BOARD ORDER #0238/04/2012-M

IN THE MATTER OF A COMPLAINT filed with the Town of Okotoks Composite Assessment Review Board (CARB) pursuant to the Municipal Government Act, Chapter M-26.1, Section 460.

BETWEEN:

Prairie Fire (Okotoks) GP Ltd. - Complainant

- and -

The Town of Okotoks - Respondent

BEFORE:

M. Chilibeck, Presiding Officer

R. May, Member

D. Rasmussen, Member

This is a complaint to the Town of Okotoks Composite Assessment Review Board (CARB) in respect of property assessment prepared by the Assessor of the Town of Okotoks and entered in the 2011 Assessment Roll as follows:

Roll Number	Address	Assessment
0058275	300 201 Southridge Drive	\$15,984,300

This complaint was heard by the CARB on the 26th day of September, 2012 at the Town of Okotoks Council Chamber at 5 Elizabeth Street, Okotoks, Alberta.

Appearing on behalf of the Complainant:

- D. Porteous, Agent, Altus Group Limited

Appearing on behalf of the Respondent:

- P. Huskinson, Assessor, Town of Okotoks

Attending for the ARB:

- L. Turnbull, ARB Clerk
- D. Scott, Assistant

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Jurisdiction/Preliminary Matters:

Neither party raised an objection to any Board member hearing the subject complaint. No procedural or jurisdictional matters were raised by either party. No preliminary matters were raised by either party.

Property Description:

The subject property is located at the northeast corner of Southridge Drive (Highway 2A) and Highway 7 which is at the southern boundary of the Town of Okotoks. Southridge Drive is a major north-south retail/commercial strip in south Okotoks. The subject parcel is one of four contiguous parcels located on the east side of Southridge Drive which is anchored by Canadian Tire, Sobeys and Wal-Mart. This commercial complex is commonly known as Cornerstone Centre. Across the road to the northwest on the west side of Southridge Drive is another commercial complex commonly known as Westmount Village Retail Centre.

The subject property consists of two one storey commercial buildings constructed in 2004 with a rentable area of 48,999 square feet (sq. ft.) that is comprised of 2,902 sq. ft. of office space, 4,479 sq. ft. of fast food restaurant space, 40,823 sq. ft. of retail CRU space and 795 sq. ft. of upper retail space.

Background:

The subject property is assessed using the capitalized income method wherein with other factors a rental rate of \$27 per sq. ft. is applied to the office space, \$32 per sq. ft. is applied to the fast food space, \$26.88 per sq. ft. is applied to the retail CRU space and \$10 per sq. ft. is applied to the upper retail space.

The Complainant disputes the assessed rental rate of \$26.88 applied to the retail CRU space.

Complainant's Requested Value:

As per complaint:	\$14,356,900
As per evidence disclosure:	\$14,805,600

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Issue:

The Complainant identified two matters under complaint on the Assessment Review Board Complaint and several reasons for the complaint. At the hearing the Complainant advised that only the matter of an assessment amount is under complaint and only one reason/issue will be addressed at this hearing.

1. The assessed rental rate for the CRU space should be decreased to \$24.50 per sq. ft. of rentable area.

Board's Findings in Respect of the Issue:

1. Rental Rate

Complainant's Position:

The Complainant argued that the assessed rental rate for 40,823 sq. ft. of CRU space should be reduced to \$24.50 per sq. ft. and supported this request by providing six comparable lease rates from two comparable properties in Okotoks, one from Cornerstone shopping centre and five from the Cimarron shopping centre. The lease rate from Cornerstone is \$32 per sq. ft. and the lease rates from Cimarron range from \$16 to \$27 per sq. ft. The average of the six lease rates is \$24.58 and the median is \$24.50 per sq. ft.

Also, a rent roll for the subject was provided by the Complainant showing rental rates that range from \$19.50 to \$28 per sq. ft. for the various CRUs which are part of the 40,823 sq. ft. Most of these lease rates have a lease term of 10 years that commenced mostly in 2004 when the construction of the shopping centre was completed.

Respondent's Position:

The Respondent provided a list of six equity comparables located on Southridge Drive and one comparable located on Southbank Boulevard. The Southridge retail CRUs are typically assessed at \$32 per sq. ft. and the Cimarron retail CRUs are assessed at a range from \$15 to \$25 per sq. ft.

The Respondent explained that the Complainant's comparable lease rate from Cornerstone Centre is in the same complex as the subject property and asserted it supports the assessed rate that is under contention. The five lease rates from Cimarron Centre are inferior to the subject because they are located further to the east of the subject in a more recent development. It was argued by the Respondent that there are similar comparables in close proximity to the subject, such as Westmount Centre, as provided in evidence of six properties.

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Findings and Reasons:

The Board is not persuaded by the Complainant's argument and comparables to alter the assessed rental rate as requested. The Board agrees with the Respondent that the Cimarron comparables are inferior to the subject because of location and the distance from the subject. The Board notes that the Cornerstone comparable situated on an adjoining parcel located within the same complex as the subject supports the assessed rate of the subject space of 40,823 sq. ft. This together with the equity comparables provided by the Respondent convinced the Board not to alter the assessed rate of \$26.88 per sq. ft.

The Board notes the rent roll for the subject shows the commencement date for most of the retail CRU space started in 2004, some seven years prior to the 2011 assessment year applicable for the subject property assessment. The lease rates have changed considerably as shown by the Respondent's equity comparables. The Board also notes that the Complainant's comparables from Cimarron Centre support the Respondent's assessed rates at Cimarron as shown on the Respondent's equity comparable chart. This shows that the Respondent has determined the typical assessed rates in a fair and equitable manner. The Complainant provided no compelling evidence to refute the Respondent's assessed rental rate.

Board's Decision:

The Board's decision is to confirm the subject's assessed value at \$15,984,300.

It is so ordered.

Dated at the Town of Okotoks in the Province of Alberta, this 24th day of October, 2012.

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M. Chilibeck
Presiding Officer

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APPENDIX "A"

Documents Presented at the Hearing
And considered by the Board

<u>NO.</u>	<u>ITEM</u>
1. C1	Complainant's Disclosure of Evidence
2. R1	Respondent's Disclosure of Evidence
3. R2	Respondent's Addendum 1
4. R3	Respondent's Addendum 2

An appeal may be made to the Court of Queen's Bench in accordance with the Municipal Government Act as follows:

470(1) 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.

470(2) 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).*

470(3) 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.*

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Decision No. 0238/04/2012		Roll No. 0058275		
<u>Appeal Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail	Strip Plaza	Income Method	Net Market Rent