

**TOWN of BANFF  
COMPOSITE 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-26.1, Section 460(4).

**between:**

***Altus Group Limited, COMPLAINANT***

**and**

***The Town of Banff, RESPONDENT***

**before:**

***Paul G. Petry, PRESIDING OFFICER***

***Barbara Kusterski, MEMBER***

***Stavros Karlos, MEMBER***

This is a complaint to the Town of Banff Assessment Review Board in respect of Property assessment prepared by the Assessor of The Town of Banff and entered in the 2010 Assessment Roll as follows:

**ROLL NUMBER: 000114**

**LOCATION ADDRESS: 229 Bear Street, Banff**

**HEARING NUMBER: 387.02/2010**

**ASSESSMENT: \$6,717,000.**

This complaint was heard on 10th day of September, 2010 at Town Council Chambers located at 110 Bear Street Banff, Alberta.

Appearing on behalf of the Complainant:

- Altus Group Limited – J. Moll

Appearing on behalf of the Respondent:

- Town of Banff – F. Watson

**Property Description and Background:**

The subject building was constructed in 1988 and contains approximately 32,000 sq. ft of rentable area. There are four levels which house a theatre, offices and retail businesses. The subject is well located with frontage on both Bear Street and Wolf Street. The subject property has been assessed using the capitalized income approach. The Complainant stated that there is only one issue in dispute at this point and that is the capitalization rate (cap) applied by the Assessor in developing the assessment for the subject.

**Issues:**

1. Should the cap rate of 9.5% used by the Assessor be increased?

**Board's Decision in Respect of Each Matter or Issue:**

1. The cap rate of 9.5% is the appropriate rate for the subject property.

Several other issues were raised in the Complainant's complaint filed with the Assessment Review Board (ARB) for 2010. The only issues that the parties brought forward in the hearing of this matter before the Composite Assessment Review Board (CARB) are those referred to above, therefore the CARB has not addressed any of the other issues initially raised on the complaint form.

**Overview of the Party's Positions****Issue of CAP Rate**

The Complainant argued that the cap rate of 9.5% for the subject is too low when it is compared to properties in superior locations along Banff Avenue which have been assigned the same rate. The Complainant provided an analysis showing that tenants of retail spaces in two properties, Caribou Corner and Town Centre Mall located along Banff Avenue are paying a median rates of \$70 per sq. ft. or on average \$74.15 per sq. ft. for main floor space while the main floor space in the subject rents for \$43 per sq. ft. at the median or \$45.28 on average. The Complainant referred the CARB to an excerpt from the Alberta Assessors' Association Valuation Guide – Shopping Centres which suggests that "*a better centre should have a lower capitalization rate (higher value) while a poorer centre should have a higher cap rate (producing a lower value)*" With this in mind, the Complainant recommended that the cap rate for the subject be adjusted to 10.5%. When the cap rate is adjusted to 10.5% while not changing any of the other values for the remaining factors used by the Assessor, the new value recommended by the Complainant for the subject is \$6,078,000.

The Respondent brought forward information respecting the only relevant recent sale in the downtown area. This was an April 2009 sale of the UNL Snowboard building at 321 Banff Avenue for the sum of \$4,200,000 and with a cap rate of 8.75%. The Assessor indicated that because of the lack of sales he has developed a schedule of cap rates based on this one sale and using his professional judgement. The only properties assigned cap rates at 10% - 10.5% are for properties outside the downtown core which include the Indian Trading Post, Phi's Restaurant, Brewster's Bus Terminal and Bumper's Restaurant. The Complainant brought forward two properties they suggest support their request for an increased cap rate. The Caribou Corner property cap rate has been increased to 12% in light of an expiring lease with Parks Canada and the Town Centre Mall has a lower cap rate of 9.25%. The Assessor provided a listing of over sixty downtown properties showing the cap rates assigned and also a map showing the relative location of each property. This information shows that the majority of properties along Banff Avenue and preferred locations and corner locations along Wolf and Bear Streets have been assigned a 9.5% cap rate. The Assessor argued that the subject has a preferred location with frontage on both Wolf and Bear Streets and further the Liquor World and James Gate properties across the street from the subject both have cap rates of 9.5% as well. The best comparable would be Bison Court mall at 207 Bear Street, just down the street from the subject which also has been assessed with a 9.5% cap rate. The Assessor argued that the Complainant has not brought forward convincing evidence which would justify a change to the 9.5% cap rate and any change would create inequity with other comparable properties.

### Findings and Reasons

The CARB carefully reviewed the two comparable properties brought forward by the Complainant. The Board found that the Caribou Corner property is not comparable given the expiring lease with Parks Canada and the greater risk involved. The Town Centre Mall property has been assigned a lower cap rate than that of the subject which to some extent meets the argument advanced by the Complainant. The CARB also found that the Complainant's evidence with respect to the Town Centre Mall was incomplete as not all main floor leases were provided and information as when these leases were signed was not shown. Even if the CARB had been inclined to accept to some extent the argument advanced by the Complainant, the Board did not have any evidence to quantify the correlation between lease rates and cap rates or between "better" and "poorer" properties. For these reasons the CARB found that the evidence did support the requested increase to the cap rate for the subject property.

### Decision Summary

Based on the foregoing findings and reasons the decision of the CARB is to confirm the assessment for the subject property at \$6,717,000.

It is so ordered.

DATED THIS 27 DAY OF September 2010.



**Paul G. Petry**  
**Presiding Officer**

*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.*