

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

between:

Linnell Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, Tom Golden
Board Member R Deschaine
Board Member R Glenn***

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

ROLL NUMBER:	201045846
LOCATION ADDRESS:	9650 Harvest Hills Blvd. NE
HEARING NUMBER:	55988
ASSESSMENT:	\$31,990,000.00

This complaint was heard on 20 day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- D Sheridan

Appeared on behalf of the Respondent:

- S Cook

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

There were no preliminary issues.

Property Description:

The subject property is a shopping centre containing 126,404 sq ft. on 15.52 acres of land. Retail is the predominate use and occurs in 13 structures on the site. Most of the development occurred around 2006 although development continued through 2008.

Issues:

- 1) Is the cap rate used in the analysis correct?
- 2) Has the subject been assessed equitably?

Complainant's Requested Value:

\$29,000,000.00

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

- 1) Cap rate

A cap rate of 8% is appropriate.

The capitalization rate of 8% was felt to be aggressive and not reflective of the market in early 2009. To develop an alternative cap rate, four sales of retail properties was presented. Each sale is a suburban retail property both older and smaller than the subject. These properties represent reported cap rates between 8.4% to 9% and a median of 8.7%. For various reasons upward pressure has been placed on cap rates and information from brokers suggest the rates may have increased .75% to 1.5% in the last 12 months. The rate of 8.75 is suggested based on the sales and the retail mix.

In response the City presented 4 retail sales made in 2008 and 2009 and used to establish the cap rate of 8% used to calculate the subject assessment. Those sales show cap rates of 6.35% to 8% and a median of 7.25%. As a support to the adopted cap rate three third party summaries of cap rates for neighbourhood retail properties were introduced. These reports support the 8% cap rate as well.

The ARB found the evidence presented by the City to carry more weight. The complainant sales were of less value as the two Crowfoot sales make up a larger mall of a different category and sale 4 is dated a short time after the assessment date and the cap rate is listed as estimated.

2) Assessment Equity

The assessment is considered equitable.

The complainant argued that the assessment is inequitable using 4 leases signed in 2009 in a retail centre managed by the same company as the subject. The conclusion is that the two malls perform equally and therefore the same per sq ft of assessment as the Monterey Square of \$230.00 should be applied to the subject.

The ARB was unwilling to accept that there is an inequity of assessment based on only 4 leases in one retail centre. Evidence presented does not adequately demonstrate the two properties function similarly.

Board's Decision:

The assessment is confirmed at \$31,990,000.

DATED AT THE CITY OF CALGARY THIS 4th DAY OF August 2010.



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.*