

**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(4).

between:

Assessment Advisory Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

S. Rourke, MEMBER

R. Cochrane, MEMBER

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

ROLL NUMBER:	063008908
LOCATION ADDRESS:	5555 STRATHCONA Hill SW
HEARING NUMBER:	58319
ASSESSMENT:	\$1,850,000.00

This complaint was heard on the 22 day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *Mr. Stephen Cobb*

Representing the Assessment Advisory Group

Appeared on behalf of the Respondent:

- *Mr. Randy Farkas*

Representing the City of Calgary

Property Description:

The subject property is a small strip shopping centre of 11,405 sq ft, divided into three (3) categories of CRU space based on size. The current assessment was prepared using the income approach to value using typical factors for rent (based on size), vacancy, non-recoverables and CAP rate and totals \$1,850,000.00. The requested assessment is \$1,585,000.00

Preliminary Matter: (See Attached)

Issues / Grounds for Complaint:

The Complainant argued that the subject property is not capable of achieving typical market rental income due to its relative isolation and low visibility location, the Strathcona residential neighbourhood. The only factor in the income approach to value calculation in dispute is the CRU rental rates. All other factors are accepted.

Position of the Complainant on the Access Issue:

The Complainant introduced several photographs of the subject property, as well as an ortho map, in order to illustrate the relative isolation, low visibility and poor access issues. Access to the subject property from the Bow Trail is only available to east bound traffic; and egress is only available via 55th Street St SW, which also accesses east bound Bow Trail. The Complainant argues that these issues result in the subject property being unable to attract tenants capable of paying typical market rents for similar properties with much better access. The typical market rents are as follows for CRU space by size.

- 1) 0 – 1000 sq ft \$17.00 psf
- 2) 1001 – 2500 sq ft \$16.00 psf
- 3) 2501 – 6000 sq ft \$15.00 psf

The Complainant requests that these rates be reduced to 1) \$15.00; 2) \$14.00; 3) \$13.00 in order to recognize the atypical nature of the subject property in its assessment. When these rates are used in the income approach to value the resulting assessment is \$1,600,000.00 rounded.

Position of the Respondent on the Access Issue:

The Respondent argued that the subject property is well located in the Strathcona residential neighbourhood with good access for residents, which is not unusual for small strip centres in Calgary. Adjustments of typical rent rates are only made when CRU spaces within a strip centre are disadvantaged by a poor location: The Respondent argued that typical rent rates should apply to the subject property and the current assessment of \$1,850,000.00 should be confirmed.

Board Finding on the Access Issue:

The Board finds that access to and egress from the subject property for non-residents of Strathcona Hill is difficult at best, the photographs and ortho map clearly show this fact. The Board further finds that the access issue does limit the ability of the subject property to attract tenants willing to pay typical market rents.

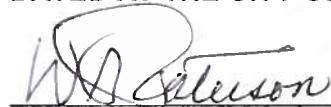
Board's Decision:

The assessment of the subject property is reduced to \$1,600,000.00 rounded.

Reasons:

The requested reduction in the assessment is reasonable given the difficult access to the subject property. Although the CRU spaces in the subject are leased for the most part, the tenants are local and not typical of the retail tenants and national brands stores which locate in strip centres with highly visible locations and direct egress and access to the property; and pay typical market rents. The 2010 ARFI for the subject property confirms this reality.

DATED AT THE CITY OF CALGARY THIS 10th DAY OF August 2010.



for **T. Hudson**
Presiding Officer

TH/ms

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.*

Preliminary Matter: Submission of 2010 ARFI for the Subject Property:

Although the matter was raised after the merit hearing had commenced, the Complainant requested permission to submit the 2010 Assessment Request for Information (ARFI) document for the subject property into evidence. The Complainant admitted that this document was not disclosed to the Respondent prior to the hearing, but suggested that the document in fact belongs to the Respondent and therefore should not be considered prejudicial to their position: The Complainant advised that the information supplied by the property owner to the Respondent in the ARFI clearly shows that the subject property achieves less than market rent for their CRU space, and is important to the deliberation and decision of the Board.

Position of the Respondent on the Submission of the 2010 ARFI:

The Respondent objected to the submission of the 2010 ARFI, because it had not been disclosed within the regulated time parameters prior to the merit hearing. The Respondent representative indicated that he had not seen the file prior to the date of the hearing; and did not prepare the defence of the assessment. For these reasons, the Respondent advised that admitting the ARFI would be prejudicial to defence of the assessment.

Decision of the Board on Submission of the 2010 ARFI:

The Board ruled that given the unusual circumstances of the subject property; the 2010 ARFI for the subject property was important to the deliberations of the Board. The Board had received little evidence from the parties on market leases and the assessment was being argued based on equity. The 2010 ARFI would be of assistance to the Board to establish based on current lease rates, whether or not the subject property was capable of achieving typical market rents at the valuation date. The Board considered the objections of the Respondent, but considering the document had been in the hand of the City of Calgary for some time prior to the merit hearing, there is no compelling reason to consider the ARFI prejudicial to the defence of the assessment. In summary, the 2010 ARFI for the subject property was admitted as Complainant Exhibit 5.