

**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:

52nd St & Erin Woods Plaza Ltd. c/o Roman Real Estate (as represented by Altus Group Ltd), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***F.W. Wesseling, PRESIDING OFFICER
S. Rourke, MEMBER
A. Zindler, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 094218500

LOCATION ADDRESS: 3541 52 ST SE

HEARING NUMBER: 67778

ASSESSMENT: \$4,340,000.

This complaint was heard on 25th day of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *G. Good*

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

The Board agreed to hear the evidence regarding the Capitalization Rate Analysis for this file jointly with files 68225 (CARB #0770-2012-P), 67936 (CARB #0774-2012-P), 68511 (CARB #0768-2012-P)

Property Description: Subject property is a strip mall containing multiple retail units located in the community of Erin Woods. The building consists of 29,366 sq. ft. located on a 1.75 ac parcel. The building was constructed in 1999 and has a C+ quality rating for assessment purposes. The City of Calgary Land Use Bylaw classified the site with a land use designation of "Direct Control District".

Issues: The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentations of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties
- Capitalization Rate Analysis.

Complainant's Requested Value: \$4,200,000

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

Complainant's Position: The primary issue addressed by the Complainant is that the capitalization rate of 7.5% applied to the 2012 assessment is too low and not reflective of current market conditions. A capitalization rate of 7.75% is requested. In support of the capitalization rate request, the Complainant presented a Strip Shopping Centre capitalization rate analysis. This analysis, using a quadrant approach, utilizing numerous properties and rent roll information, showed that in SE Calgary the capitalization rate should be 7.76%. This is based on four sales.

A significant amount of space leased within the subject property is considered exempt from assessment purposes according to the Complainant. The parties agreed that a resolution of the tax exempt portion of the assessment would be resolved outside the ARB process.

Respondent's Position:

The City provided a review of the Complainant's capitalization rate analysis and indicated that while they agree with the methodology used, the sample of properties used is too small and that the quadrant approach is not workable. General background was provided as to the historic and current approach used by the City to determine cap rates for the City as a whole. In addition, third party data was provided to support the current capitalization rate. Specifically the Respondent reviewed the sales utilized by the Complainant and indicated that one of the sales was not suitable for the analysis. Correction applied based on that information showed that the capitalization rate applied by the City was correct.

The City agreed that the Tax exempt portion would be dealt with outside of the ARB process.

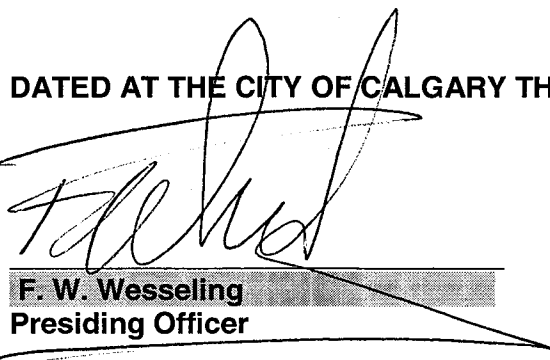
Board's Decision:

Upon reviewing the verbal and written evidence provided by the parties, the Board found that amendments to the assessment are not warranted for the following reasons:

- While the Board accepted the Complainant's Capitalization Rate Analysis as well laid out, it determined that the data, particularly as corrected by the City's information, supported the capitalization of 7.5 % as applied in the assessment. The comparability of the properties was problematic from the Board's perspective. The Board was unable to accept the capitalization rate analysis as presented by the Complainant.
- The parties agree to resolve the tax exempt portion of the assessment outside this complaint process.

Based on the evidence provided, the assessment is confirmed at \$4,340,000.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF July 2012.



F. W. Wesseling
Presiding Officer

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

NO.	ITEM
1. C1	CB Richard Ellis 3541 52 Street SE
2. R1	Assessment Brief
	Complainant Disclosure
	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 MGB Administrative Use Only

<i>Decision No.</i>		<i>Roll No.</i>		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Strip mall	Capitalization Rate	Land and improvement comparables	Sectoral approach