

**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:

***Glenmore & Centre Ltd C/O Strategic Group (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: 101016509

LOCATION ADDRESS: 6624 Centre ST SE

HEARING NUMBER: 68225

ASSESSMENT: \$12,970,000

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 complainant requested to speak to Section 9(4) of *Matters Relating to Assessment Complaints Regulation* (MRAC) and this Board's jurisdiction to hear certain evidence submitted by the Respondent that was not provided by the City in response to requests made under Sections 299 and 300 of the *Municipal Government Act*. This jurisdictional matter also applied to file 67936 (CARB #0774-2012-P). Specifically the Complainant requested that page 16 of the Respondent's submission (R1) be struck as this information had been requested under Section 299 and 300 of the Act and not been provided. Both Complainant and Respondent provided a brief background on the information request and associated correspondence.

The Board met to review the presentations and correspondence associated with the jurisdictional matter raised. The Board decided, in recognition of sections 299 and 300 of the Municipal government Act and in compliance with section 9(4) of MRAC, which the Respondent had not met the requirements of the legislation outlined. As such, the Board strikes page 16 of the Assessment Brief (R1) prepared by the City of Calgary.

The Board agreed to hear the evidence regarding the Capitalization Rate Analysis for this file jointly for files 68511 (CARB #0768-2012-P), 67936 (CARB #0774-2012-P), 67778 (CARB #0769-2012-P)

Property Description:

Subject property is a two building strip mall containing multiple retail units located in the community of Manchester Industrial and known as Glenmore Centre. The buildings consist of 12,239 square feet and 55,784 square feet respectively and are located on a 3.62 acre parcel. The buildings were constructed in 1965 and 1975 and have a B- quality rating for assessment purposes. The City of Calgary Land Use Bylaw classified the site with a land use designation of "Commercial-Corridor 3 District".

Issues: The Complainant raised the following matters in Section 3 and 4 of the Assessment Complaint form: Assessment amount being in excess of market value.

Presentation 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: \$11,830,000

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, and utilizing numerous properties and rent roll information showed that in SE Calgary the capitalization rate should be 7.75%. This is based on four sales.

The other issue raised is with the use of two different assessment rates for the same retail space stratification of *Commercial Retail Units (CRU)* 1000-2500 sq ft. Based on the rent roll information presented, it is suggested that the assessment should be based on \$18.00 per square foot instead of \$25.00 per square foot.

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. Corrections applied based on that information showed that the capitalization rate applied by the City was correct.

With regard to the issue raised with assessment rates for CRU 1000-2500 sq ft, the Respondent agreed that an adjustment to \$12,770,000 is warranted.

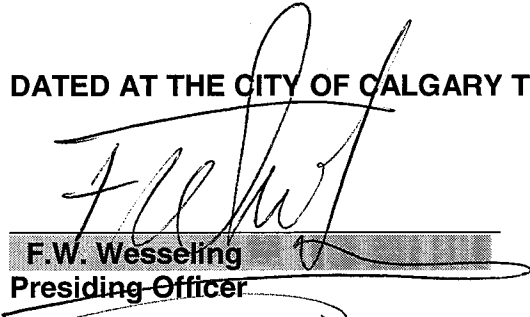
Board's Decision:

Upon reviewing the verbal and written evidence provided by the parties, the Board found that amendments to the assessment are warranted for the following reasons:

- The Board accepts the Assessor's recommendation that an adjustment from \$25.00 per square foot to \$18.00 per square foot for CRU 1000-2500 sq. ft. is warranted.
- 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. Comparability of properties utilized to derive the "quadrant" capitalization rate was problematic from the Board's perspective. The Board was unable to accept the quadrant capitalization rate analysis as presented by the Complainant.

Based on the evidence provided, the assessment is revised to \$12,770,000

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 Strategic Equity Corp. 6624 Centre St SE. Complainant Disclosure
2.	R1 Assessment Brief 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><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Strip mall	Capitalization Rate and rental rates	Land and improvement comparables	Sectoral approach

(c)