

**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:

7 Eleven Canada, Inc. (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: 144168028

LOCATION ADDRESS: 460 Woodbine BV SW

HEARING NUMBER: 68241

ASSESSMENT: \$1,180,000

This complaint was heard on 26 th 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:

No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint.

The Board agreed to hear the evidence for this file jointly with file 68237 (CARB #0772-2012-P)

Property Description:

While on a separate title, the subject property, consisting of a gas bar and convenience store, forms part of the Woodbine Shopping Plaza. This plaza is a small strip mall consisting of 7 retail bays. The parcel consists of .43 acres and is located along a major traffic collector. The building associated with the development was constructed in 1983 and has a quality rating for assessment purposes of B+. Under the City of Calgary Land Use Bylaw the property is classified with a land use designation of "Commercial-Neighbourhood 2"

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

Presentation of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties.
- Income Approach vs. Cost Approach

Complainant's Requested Value: \$870,000

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

Complainant's Position: The primary issue as outlined by the Complainant is that the property should be assessed on the income approach instead of the cost approach as utilized by the Respondent. In support of its position the Complainant presented a number of court decisions as well as CARB decisions from previous years. The gas bar and convenience store are on a separate title and using the income approach the subject property's net rentable area is treated as though it was only one square foot. The assessment rental rate would be at \$70,000.

The Complainant further outlined a number of market leasing examples and assessment equity comparables. These examples were all assessed using the income approach by the City. The

Complainant also raised the item that an environmental influence should be applied to the assessment of these properties however no evidence to support this was provided.

Respondent's Position: A general background was provided as to when the City applies the income approach and cost approach to the evaluation of these types of properties. The Respondent's position is that the subject gas bar do not form part of the adjacent strip mall and is on a separate title and that historically the City has assessed these properties using the cost approach. As part of the discussion the Respondent agreed that gas stations are not special purpose properties. The Respondent reviewed the Complainant's market and assessment comparables and showed that these properties are part of large mall type operations and titles. In addition, the Respondent outlined a number of gas bar equity comparables which were assessed using the cost approach. On questioning the Respondent did indicate that the recommended approach to evaluate gas stations in this manner is at the direction of Alberta Municipal Affairs.

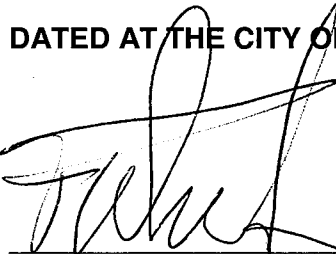
Board's Decision:

Upon reviewing the verbal and written evidence provided by the parties, the Board found that the Complainant failed to demonstrate that the assessment was in excess of market value. The Board confirms the assessment at \$1,180,000.00.

Reasons:

- The market and assessment equity comparables presented by the Complainant were different in that they formed part of larger shopping complexes and as such were not similar to the subject property.
- The application of the Cost Approach in terms of the assessment of properties of this **type appears to be applied consistently across the City.**
- While the Board in general agrees that the Income Approach to assessment for these types of properties may be more appropriate, the Board determined the Respondent's information to be more compelling in this particular case.

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	7-Eleven Canada Inc. 480 Woodbine BV SW
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.*

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<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	Gas Bar	Cost approach vs. Income approach	Land and improvement comparables	Stand alone vs. part of larger strip mall