

**COMPOSITE  
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 (MGA).

between:

**865928 Alberta Ltd. (as represented by Altus Group Ltd.),  
COMPLAINANT**

and

**The City Of Calgary,  
RESPONDENT**

before:

**C. J. Griffin, PRESIDING OFFICER  
B. Jerchel, MEMBER  
A. Wong, MEMBER**

This is a complaint to the Composite Assessment Review Board (CARB) 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: 049016702**

**LOCATION ADDRESS: 2681 Sunridge Way NE**

**HEARING NUMBER: 68262**

**ASSESSMENT: \$1,390,000.**

This complaint was heard on 27<sup>th</sup> day of June, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- K. Fong

Appeared on behalf of the Respondent:

- D. Zhao

**Preliminary or Procedural Matters:**

[1] A Preliminary Matter was brought forward by the Complainant relating to their request for information, from the Assessor, under Sections 299 and 300 of the Municipal Government Act (MGA) and the ensuing response from the Assessor which the Complainant maintains did not meet the requirements of Section 299 of the MGA.

[2] This same Preliminary Matter was brought forward by the Complainant in an earlier CARB Hearing and it was agreed by both parties that the Decision of the CARB pertaining to same would be carried forward and become applicable to this Hearing as well. Accordingly the CARB refers the reader to CARB Decision #0776-2012-P which provides more detail as to the decision of the CARB to allow the Assessor to submit their assessment brief in its totality.

**Property Description:**

[3] According to the *Property Assessment Summary Report* (Exhibit C-1 pg. 12), the subject property is categorized as being a CM0203 – Retail – Shopping Centres – Neighbourhood with an **A-** quality rating. The subject property consists of one (1) structural component that is 2,788 Sq. Ft. in size. The Year of Construction (YOC) is recorded as 2001 and the underlying site is reported as being 0.62 acres in size.

[4] The property has been valued, for assessment purposes, as vacant land with no allocation for any improvement value.

**Issues:**

[5] There are a number of interrelated issues outlined on the Assessment Review Board Complaint form; however, at the Hearing the Complainant reduced the issues to be considered by the CARB to:

1. The property should be valued, for assessment purposes, through application of the Income Approach as this would result in a fair and equitable assessment.

**Complainant's Requested Value:** \$910,000. (Exhibit C1 pg. 23)

**Party Positions:****Complainant's Position**

[6] The Complainant maintains that the valuation approach applied by the Assessor has resulted in an assessed value that is too high and not equitable to similar properties. In support of their contention the Complainant introduced (Exhibit C-1 pg.14) an analysis that shows, through application of the income approach, the subject property would require a rental rate of \$40.50/Sq. Ft. in order to achieve a value equal to the assessed value, if all other inputs were those typically used by the Assessor for similar properties. The Complainant provided (Exhibit C-1 pg. 182) a sampling of other similar fast food restaurant lease rates from the same economic zone as the subject and which shows rental rates ranging from a low of \$23.91/Sq. Ft. to a high of \$35.00/Sq. Ft. with a median rate of \$32.04/Sq. Ft. The Complainant further explained that two of these comparable properties are also Tim Horton's restaurants, as is the subject. The lease rates at these two Tim Horton's are \$23.91/Sq. Ft. (lease commencement

Dec. 2007) and \$25.51/Sq. Ft. (lease commencement Jan. 2010) both of which support the Complainant's suggested \$26/Sq. Ft. rate. The Complainant also questioned how the Assessor valued the subject through application of the Cost Approach (land only) when other components of this same neighbourhood shopping centre have been assessed on the basis of the income approach. The Complainant completed their presentation pointing out to the CARB that the subject property is not a special purpose property and there is no need for application of the Cost Approach as opposed to the Income Approach.

### **Respondent's Position**

[7] The Assessor presented (Exhibit R-1 pg. 15) a chart showing the base applied land rate of \$60/Sq. Ft. is the rate the *Assessment Business Unit* (ABU) currently applies to first 20,000 Sq. Ft. of C-COR2 designated lands. Additionally this same chart provides the four (4) sales the Assessor has used to derive the said base land rate. One of these refers to a March 2010 sale of a 19,602 Sq. Ft. contaminated site at 4504 - 17<sup>th</sup> Avenue SE at \$954,000 (\$48.67/Sq. Ft.) which the Assessor has adjusted to account for time, contamination and corner lot influence to yield an Adjusted *Time Adjusted Selling Price* (TASP) of \$61.65/Sq. Ft. The second sale relates to a 6,159 Sq. Ft. site located in the northwest community of Montgomery which sold in October 2010 for \$364,000 which equates to \$59.10/Sq. Ft. and which required no adjustments. Two additional sales of properties located on 16<sup>th</sup> Avenue NE (Trans-Canada Highway) which the Assessor acknowledges as not being comparable to the subject's location. Both of these properties sold for over \$100/Sq. Ft.; however, as stated, the Assessor agrees that they are not really comparable and that it is the first two sales that form the basis for the land value applied to the subject.

[8] The Assessor also provided (Exhibit R-1 pg. 12) an analysis of the subject utilizing the Income Approach and a lease rate of \$33/Sq. Ft., which the Assessor maintains is reasonable, which provides a value indication of \$1,150,000. The Assessor maintains that in accordance with the basic premise of Highest and Best Use, the results of the income analysis indicate that same does not meet the minimum value of the land only and it would be most unlikely that an owner would sell his property for less than the basic land value.

### **Board's Decision:**

[9] The assessment is **reduced to \$944,000.**

### **Decision Reasons:**

[10] The CARB looked to the supporting land sales the Assessor provided in support of the assessed value and found same to be less than convincing. One of the sales involves a contaminated site and when asked how the contamination issue was adjusted for the Assessor was unable to provide any evidence or even a reasonable explanation as to how this was done. For this reason the CARB gives very little weight to this sales evidence. The second sale refers to a much smaller site located in the far northwest community of Montgomery and the CARB also gave little weight to this sales evidence due to the site size and the location which the CARB does not consider to be comparable. The remaining two sales are, by the Assessor's own admission not comparable and indeed the CARB gave very little consideration to them.

[11] The CARB is of the judgment that the income approach is more likely to be the better test of value in this case and especially in view of the poor land comparables offered by the Assessor. In terms of the appropriate lease rate to be applied, the CARB referred to the information of the Complainant (Exhibit C-1 pg. 182), which includes two northeast located Tim Horton properties, and determined that the indicated median of \$28/Sq. Ft. is appropriate for the subject property.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF July 2012.

  
C. J. Griffin,  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	Respondent's 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**

<b>Decision No.0784-2012-P</b>			<b>Roll No. 049016702</b>	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Shopping Centre	Land Value	Rental Rate	Restaurant