

**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:

MV Property 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: 200168136

LOCATION ADDRESS: 5220 Falsbridge Dr. NE

HEARING NUMBER: 67229

ASSESSMENT: \$18,590,000.

This complaint was heard on 27th 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.

[3] As a matter of Procedure, and with the agreement of both parties, the CARB heard, in this same week and from these same Parties in Hearing 68396 (CARB Decision 0776-2012-P), an extensive capitalization rate argument and all of the evidence and argument related to same is now carried forward and becomes applicable to this Assessment Complaint, as well as other Complaints scheduled to be heard by this same panel of the CARB, with the same parties, this same week.

Property Description:

[4] According to the *Property Assessment Public Report* (Exhibit C-1 pg. 10), the subject property is categorized as being a CM0203 – Retail – Shopping Centres – Neighbourhood with a **B+** quality for all components of the shopping centre. The property consists of eight (8) structural components that range in size from 2,861 Sq. Ft. to 16,052 Sq. Ft. The Year of Construction (YOC) is recorded as ranging from 1989 to 1991. The underlying site is reported as being 6.86 acres in size.

[5] The property has been valued, for assessment purposes, through application of the Income Approach with the following inputs:

<u>Category</u>	<u>Rentable Area</u>	<u>Rental Rate</u>	<u>Typical Vacancy</u>
CRU 0 – 1,000 Sq. Ft.	2,917 Sq. Ft.	\$24.00/Sq. Ft.	6.25%
CRU 1,001 – 2,500 Sq. Ft.	22,265 Sq. Ft.	\$23.00/Sq. Ft.	6.25%
CRU 2,501 – 6,000 Sq. Ft.	15,659 Sq. Ft.	\$21.00/Sq. Ft.	6.25%
Auto Mechanical Repair	5,946 Sq. Ft.	\$14.00/Sq. Ft.	6.25%
Big Box 14,001 – 40,000 Sq. Ft.	16,052 Sq. Ft.	\$17.00/Sq. Ft.	1.00%
Poor Retail Location	767 Sq. Ft.	\$10.00/Sq. Ft.	6.25%
Pad 2,501 – 6,000 Sq. Ft.	15,659 Sq. Ft.	\$21.00/Sq. Ft.	6.25%
Pad Restaurant Fast Food	2,861 Sq. Ft.	\$26.00/Sq. Ft.	6.25%
Retail Bank	3,920 Sq. Ft.	\$25.00/Sq. Ft.	6.25%
Vacant Space Shortfall	@	\$8.00/Sq. Ft.	
Non-Recoverable Allowance	@	1.00%	
Capitalization Rate	@	7.25%	

Issues:

[6] 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 Assessor's applied capitalization rate of 7.25% is excessively low and not reflective of the market conditions as at the designated valuation date and the resultant assessed value is incorrect. The appropriate capitalization rate should be 7.75%.
2. The assessed rental rate for the retail bank space is too **low** and should be \$28.00/Sq. Ft. It should be raised to maintain equity.

Complainant's Requested Value: \$17,540,000. (Exhibit C1 pg. 33)

Party Positions:**Complainant's Position**

[7] The Complainant's evidence and argument relating to the capitalization rate issue is the same as that presented to this same CARB in Hearing # 68396 (CARB Decision #0776-2012-P) and as agreed to by both parties and the CARB (refer to Procedural Matters) all of that evidence and argument pertaining to this issue is deemed applicable to this Hearing.

[8] In terms of the rental rate of the retail bank space, the Complainant introduced (Exhibit C1 pg. 43) comparable bank lease rates all of which have been extracted from banks located within the same NE market zone as the subject. These leases are separated into two categories with six (6) of the referenced leases having start dates in 2009 or 2010 and the remaining seven (7) being older with start dates ranging from 2003 to 2008. According to the calculations of the Complainant, the referenced leases indicate a Median of \$28.00/Sq. Ft. Based upon this information, the Complainant requests a rate of \$28/Sq. Ft. be applied to the subject bank space of 3,920 Sq. Ft. The Complainant acknowledges that it is somewhat unusual to request an increase in the assessed rental rate; however, the Complainant makes this request based upon equity as it is the same rate they requested in other Hearings with similar properties.

Respondent's Position

[9] The Assessor's evidence and argument relating to the capitalization rate issue is the same as that presented to this same CARB in Hearing # 68396 and as agreed to by both parties and the CARB (refer to Procedural Matters) all of that evidence and argument is deemed applicable to this Hearing.

[10] Insofar as the disputed retail bank rate is concerned, the Assessor, in this particular case did not submit any evidence or argument pertaining to same. In that the Complainant is actually requesting an increase in the applied retail bank rental rate, it would be reasonable to assume the Assessor has little in the way of objections.

Board's Decision:

[11] The assessment is **reduced** to \$17,540,000.

Decision Reasons:

[12] With regard to the capitalization rate issue and as agreed to by both parties (see Procedural Matters) the CARB accepts the evidence and argument of the Complainant in this regard and agrees that the appropriate capitalization rate for this property is 7.75%. The Reader is referred to CARB Decision #0776-2012-P for further details regarding this decision.

[13] Insofar as the disputed bank lease rate is concerned, the CARB was not provided with any evidence or argument from the Assessor relating to same. Accordingly, and based upon the evidence of the Complainant, the CARB is persuaded to apply the requested increase to the retail bank rate of \$28/Sq. Ft.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF AUGUST 2012.



C. J. Griffin,
Presiding Officer

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

NO.	ITEM
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

<i>Decision No.0786-2012-P</i>			<i>Roll No. 200168136</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	Shopping Centre	Cap. Rate	Rental Rate	Retail Bank