

**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:

**Solid Gem Enterprises Ltd. C/O New Arlington Realty Inc.  
(as represented by Linnell Taylor Assessment Strategies), COMPLAINANT**

and

**The City Of Calgary, RESPONDENT**

before:

**B. Horrocks, PRESIDING OFFICER  
E. Reuther, MEMBER  
D. Pollard, 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 2011 Assessment Roll as follows:

ROLL NUMBER	LOCATION ADDRESS	HEARING NUMBER	ASSESSMENT
076134329	3525 26 AV SE	60799	\$3,280,000
076134303	3525 26 AV SE	60799	\$4,190,000

This complaint was heard on the 14th day of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- Mr. D. Sheridan (Linnell Taylor Assessment Strategies)

Appeared on behalf of the Respondent:

- Mr. D. Lidgren

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

There were no concerns with the composition of the Board.  
There were no preliminary issues. The merit hearing proceeded

**Property Description:**

The subject property, commonly known as Dover Village Square, is an 3.29 acre parcel located in the Dover Community in SE Calgary. The site contains a multi tenant building with 43,747 sq. ft. of leasable area that was constructed in 1976 and is considered to be of C+ quality. The major tenant is the Women in Need Society who occupy 20,346 Sq. ft. and are exempt from taxation.

**Issues:**

The Assessment Review Board Complaint Form contained two issues, namely: Rent Rates and 2) Capitalization Rate.

**Complainant's Requested Value:** \$3,214,000 (Roll #076134303)  
\$2,516,000 (Roll #076134329)

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

The Complainant's Disclosure is labelled C-1.

The Complainant, at page 5, provided the Tenant Roster as of December 2010. He noted the space occupied by the Women in Need Society was contributing only \$6.00 / sq. ft. as compared to the Market Net Rent Rate in the assessment of \$12.00 / sq. ft. He also noted that the most recent (new) leases indicate negotiated net rents of \$10.00, \$12.00 and \$17.00 / sq. ft. for a weighted mean rent rate of \$13.76 / sq. ft.

The Complainant, at page 6, provided a Rent Survey for purported comparable retail centres within this same market zone and concluded that a net rent rate of \$14 / sq. ft. occupies the upper end of the range and supports the use of this rate for the CRU spaces at the subject. He concluded that the space occupied by the Women in Need Society was atypical and that applying a Market Net Rent Rate of \$6.00 / sq. ft. (the rent that is currently being achieved) would be more appropriate.

The Respondent noted that the Complainant had grouped all CRU size ranges together with the exception of the space occupied by the Women in Need Society, and applied one rental rate. He said that this methodology goes against the typical economies of scale principle. He noted the recent leases for the smaller CRU spaces, as supplied by the Complainant, ranged from \$10.00 to \$17.00 / sq. ft., which supports the current assessment rent rates of \$12.00 to \$18.00 /sq. ft. He argued that in the case of the space occupied by the Women in Need Society the Complainant had valued the tenant of the property, and not the space itself, which he said was incorrect.

The Board finds the evidence, submitted by the Complainant, supports the Market Net Rent Rates applied in the assessment.

**Issue** : Capitalization Rate

The Complainant, at page 11, provided 2 sales indicators of purported comparables with Cap Rates of 8.15% and 8.91%. He suggested that since the sales data is limited, more emphasis should be placed on the sale of Foothills Centre with a rounded cap rate indication of 8.0%.

The Complainant, at page 12, provided 8 purported equity comparables from Strip Retail Shopping Centres, all with Assessed Cap Rates of 7.50% with the exception of Madigan Plaza.

The Respondent's Disclosure is labelled R-1.

The Respondent, at page 15, provided the Assessment Summary Report which classifies the subject as a Neighbourhood Shopping Centre. The Complainant at page 3 of Appendix A in C-1, included the same evidence.

The Respondent, at page 48, provided the 2011 Capitalization Rates Summary which identifies the assessed Capitalization Rate for a Neighbourhood Centre to be 7.25%.

The Board finds the classification of the subject is Neighbourhood and as such the appropriate Cap Rate to be applied is 7.25%.

**Board's Decision:**

The 2011 assessments are confirmed as follows:

Roll Number 076134303	\$4,190,000
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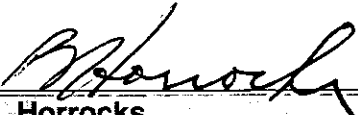
Roll Number 076134329	\$3,280,000
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**Reasons**

The classification of the property is fundamental to the mass appraisal methodology in that it determines all of the parameters to be utilized in the Income Approach to Value (ie Vacancy, Operating Costs and Capitalization Rate). The Complainant did not provide any evidence to support his assertion that the subject is not correctly classified.

The Complainant's argument is fundamentally flawed in that he did not recognize the space allocations as utilized by the Respondent (it is the space that is assessed, not the tenant), and he applied a Cap Rate that is utilized for Strip Centres versus the Cap Rate for Neighbourhood Centres utilized in the assessment.

DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF JULY 2011.

  
**B. Horrocks**  
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. C2	Colour Photo
3. C3	Colour Photo
4. R1	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.*