

**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:

970742 Alberta Ltd.

(as represented by Linnell Taylor Assessment Strategies), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Vercillo, PRESIDING OFFICER

S Rourke, MEMBER

A. Zindler, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER: 072021447

LOCATION ADDRESS: 3908 17 AV SE

FILE NUMBER: 66046

ASSESSMENT: \$1,060,000

This complaint was heard on 10th day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *J. Mayer*

Appeared on behalf of the Respondent:

- *K. Gardiner*

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

[1] The Calgary Composite Assessment Review Board (CARB) derives its authority to make this decision under Part 11 of the Act. An objection was raised by the Respondent regarding the content of the Complainant's rebuttal document, claiming that the document contained additional evidence, not evidence in direct rebuttal to the Respondent's disclosure. Upon hearing the objection, the Complainant agreed to not have his rebuttal document entered as evidence and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description:

[2] The subject property is a small retail shopping centre located in the "Forest Lawn" community of SE Calgary. According to the information provided, the property contains one building constructed in 1979 and has a total assessed rentable area of 5,028 square feet (SF). The building is situated on a 17,534 SF site and has a land use designation of Commercial – Corridor 2.

[3] The subject is assessed using the Income Approach to value and is given a quality class of B- for assessment purposes. The potential gross income (PGI) calculation uses one subcomponent, applying a rate of \$18.00 per SF to the Commercial Retail Units (CRU) space. The CRU space income calculation includes allowances for a 7.25% vacancy rate, operating costs of \$8.00 and a 1.00% non-recoverable rate to calculate net operating income (NOI). The NOI is capitalized for assessment purposes using a 7.50% capitalization rate (cap rate).

Issues:

[4] The Complainant addressed the following issue at this hearing:

- 1) The CRU subcomponent should be reduced to an assessed rental rate of \$16.00 per SF from \$18.00 per SF.

Complainant's Requested Value:

[5] \$870,000 on the complaint form. \$946,042 at this hearing.

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

ISSUE 1: **The CRU subcomponent should be reduced to an assessed rental rate of \$16.00 per SF from \$18.00 per SF.**

The Complainant provided a 24 page document entitled "Disclosure of Information" that was entered as "Exhibit C1". The Complainant, along with Exhibit C1, provided the following evidence or argument with respect to this issue:

[6] A table of four lease comparables of similar sized CRU space to the subject and in the immediate area of the subject. The leases of the comparables were all 5 year terms with lease start dates varying from September, 2008 to April, 2012. The leased rates varied from \$14.00 per SF to \$15.50 per SF, with an average of \$15.42 per SF and median of \$15.25 per SF. The Complainant included the CRU leased spaces of the subject in his analysis. Again, both leases were 5 year terms with lease start dates of June, 2012 and November, 2010. The leased rates of the spaces were \$17.00 per SF and \$16.00 per SF respectively. The Complainant concluded that the lease comparables and the subject's CRU lease rates support the requested \$16.00 per SF assessment rate on CRU space.

[7] A table of seven equity comparables, again in the vicinity of the subject along 17 AV SE. The buildings varied in size from 4,058 SF to 11,870 SF with similar site coverage. The year of construction for the equity comparables varied from 1965 to 1978 all with quality ratings of C+ except for one which was rated B- like the subject. The assessment rates for the comparables varied from \$140.59 per SF to \$172.87 per SF, with an average of \$161.37 per SF and median of \$163.65 per SF. The Complainant noted that the subject's current assessment rate was \$210.81 per SF and the requested assessment of \$946,042 would result in an assessment rate of \$188.75. The complainant concluded that given the equity comparables assessment rate the requested assessment is reasonable.

The Respondent provided a 31 page document entitled "Assessment Brief" that was entered as "Exhibit R1". The Respondent, along with Exhibit R1, provided the following evidence or argument with respect to this issue:

[8] Argument that the Complainant's comparables are primarily C+ quality buildings while the subject is rated B-. The Respondent argued that given the difference in quality rating, the lease rates of the comparables would be expected to be lower. As a result, the Respondent suggested that this is not evidence of inequity because different quality buildings garner different rental rates.

The CARB finds the following with respect to this issue:

[9] That the Complainant's equity comparables assessment rates provided some support that there is little difference between a C+ building and a B- building. The B- equity comparable had an assessment rate of \$163.25, almost exactly equal to the median of the Complainant's analysis.

Board's Decision:

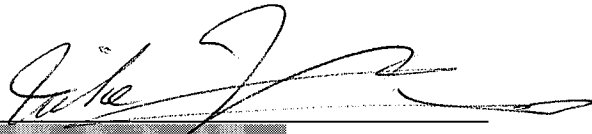
[10] The complaint is accepted and the assessment is revised to \$946,000.

The CARB provides the following reasons for the decision:

[11] The Complainant's lease comparables and the subject's leases were sufficient to support the assessment rental rate request. The Respondent did not provide a sufficient challenge to those comparables to suggest they should be disregarded by the CARB.

[12] The Complainant's equity comparables also provided sufficient support to the assessment request. Although the Complainant used primarily C+ comparables, the lone B-comparable assessment rate provided sufficient evidence that there may be little difference between a C+ building and a B- building for assessment purposes. Based on the equity evidence the assessment request appears reasonable to the CARB.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF August 2012.



Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. 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.*

(For MGB Office Only)

Column 1	Column 2	Column 3	Column 4	Column 5
CARB	Retail	Neighborhood Mall	Income Approach	Lease rates