

**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:

***P.B.L. Machinery Ltd. (as represented by Colliers International), COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before:

***B. Horrocks, PRESIDING OFFICER***

***J. Joseph, MEMBER***

***K. Farn, 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:

<b>ROLL NUMBER:</b>	<b>014102800</b>
<b>LOCATION ADDRESS:</b>	<b>34 EDGEDALE DR NW</b>
<b>HEARING NUMBER:</b>	<b>61399</b>
<b>ASSESSMENT:</b>	<b>\$5,080,000</b>

This complaint was heard on the 20th day of July, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- Mr. D. Porteous (Colliers International)

Appeared on behalf of the Respondent:

- Mr. G. Good

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

There were no concerns with the composition of the Board.

There were no preliminary matters. The merit hearing proceeded.

**Property Description:**

The subject property is a 1.01 acre parcel located in the Edgemont Community in NW Calgary. The site contains a multi tenant retail strip mall commonly referred to as Edgemont Centre, with 18,119 sq. ft. of leasable area. The building was constructed in 1980 and is considered to be of B+ quality.

**Issues:**

The Assessment Review Board Complaint form contained the statement " The assessment amount is not reflective of the correct application of the Income Approach to Value, specifically the Direct Capitalization Method as a primary or secondary approach to value. Proper consideration to the following is not evident in the assessment amount:

1. The timing, direction, and magnitude of a change in the retail market
2. Location and quality difference, in relative terms, with respect to lease rates, vacancy allowance, operating costs, and capitalization rates.
3. Typical market rent, vacancy, operating costs, and capitalization rate applied to atypical subject property.
4. Leased Fee versus Fee Simple capitalization rate.", and

"Specifically, the assessment amount does not properly consider the limited trading area of the immediate location in Edgemont. The assessment is not reflective of the age (1980), size (18,119 SF), and condition of the strip centre. The quality (B+) rating is not reflective of the nature and characteristics of the property. The assessment is not reflective of the subject's income generating potential given its location and limited trading area" amongst other things.

At the hearing, the Complainant advised there were two outstanding issues, namely: Rent rates and Classification.

**Complainant's Requested Value:**    \$3,730,000 (Complaint Form)  
    \$4,710,000 (B+ Classification using existing rents)  
    \$3,930,000 (C+ Classification and C+ Income parameters)

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

The Complainant's Disclosure is labelled C-1.

1. CRU 0 – 1,000 sq. ft.

The Complainant, at page 22, provided a condensed rent roll for the subject, noting the median rent rate for all leases was \$21.00 / sq. ft.

The Complainant, at page 23, provided the rent roll for the subject noting the median rents achieved for the most recent leases was \$21.50 / sq. ft. versus the assessed rate of \$23.00 / sq. ft.

2. CRU 1,001 – 2,500 sq. ft.

The Complainant, at page 23, provided the rent roll for the subject noting the median rents achieved for the most recent leases was \$21.00 / sq. ft. versus the assessed rate of \$23.00 / sq. ft.

3. CRU 2,501 – 6,000

The Complainant, at page 23, provided the rent roll for the subject noting the median rents achieved for the most recent leases was \$20.00 / sq. ft. versus the assessed rate of \$21.00 / sq. ft.

The Respondent's Disclosure is labelled R-1.

The Respondent argued that the Municipal Government Act requires that *"An assessment of property based on market value*

*(a) must be prepared using mass appraisal*

*(b) must be an estimate of the value of the fee simple estate in the property, and*

*(c) must reflect typical market conditions for properties similar to that property."*

The Respondent, at page 19, provided Lease Comparables B+ Buildings, noting the rental rates ranged from \$16.00 to \$26.00 / sq. ft. for all size categories.

The Board finds the Complainant has made a reasonable request to reduce the Market Net Rental Rate in all space categories. The Board calculated the Gross Income from the rent roll to be \$393,940 compared to the Potential Gross Income on the assessment of \$405,939 indicating the subject is over assessed.

**Issue** Classification

The Complainant, at page 25, provided a picture of a B+ retail strip located at 45 Edenwold DR NW noting that it was newer (constructed in 1989) and sits next to an Esso and Tim Horton's retailer and concluding it is superior to the subject.

The Complainant, at page 26, provided a picture of a B- retail strip located at 735 Ranchlands BV NW noting that it was newer (constructed in 1989) and comparable as to location with the subject.

The Complainant, at page 27, provided pictures of two additional B- retail strips constructed in 1988 and 1991 to 1994, located in Hawkwood, a residential community located to the west of the subject noting they are both adjacent to a convenience store / gas bar and newer than the subject.

The Complainant, at page 34, provided a picture of a C+ retail strip at 5702 Silver Springs BV NW that was constructed in 1976. He argued that it is the best comparable in the NW as to age and location.

The Complainant, at page 39, provided a reconstructed Retail Strip Proforma for the subject, utilizing the parameters of a C+ classified retail strip and requested the assessment be reduced to \$3,930,000 accordingly.

The Respondent argued that the subject earns more on a per square foot basis than the purported C+ comparable at 5702 Silver springs BV NW , and further that the Complainant did not provide any Proforma information on the B+ comparable at 45 Edenwold DR NW to demonstrate the purported disparity.

The Board finds there is insufficient evidence to support a change in the Classification.

**Board's Decision:**

The 2011 assessment is reduced to \$4,700,000.

**Reasons**

Current leasing activity supports the requested reduction in Market Net Rent Rates.

There is Insufficient evidence to support a change in the Classification.

DATED AT THE CITY OF CALGARY THIS 16<sup>th</sup> DAY OF AUGUST 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. 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.*