

**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:

***Rocky Ridge Shopping Centre Ltd. (as represented by Colliers International),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
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:

ROLL NUMBER:	200075117
LOCATION ADDRESS:	11595 ROCKYVALLEY DR NW
HEARING NUMBER:	64598
ASSESSMENT:	\$16,850,000

This complaint was heard on the 22nd 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.

At the start of the Hearing, both parties agreed to carry forward the same arguments that had been presented to the same Board members, in a different hearing on the previous day.

Property Description:

The subject property, commonly referred to as Rocky Ridge Shopping Centre, is a 5.58 acre parcel located in the Rocky Ridge Community in NW Calgary. The site contains a 44,728 sq. ft. Co-Op grocery store with 1,573 sq. ft. of Non-Retail Mezzanine, a multitenant retail strip building with 11,936 sq. ft. of leasable area, a standalone bank and a standalone gas bar/convenience store. The buildings were all constructed in 2004 and are considered to be of A+ quality. The subject is classified as a Neighbourhood Shopping Centre.

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 differences, 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." amongst other things.

The Complainant advised the only outstanding issue was Capitalization (Cap) rate.

Complainant's Requested Value: \$12,560,000 (Complaint Form)
\$14,810,000 (Hearing)

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

The Complainant's Disclosure is labelled C-1.

The Complainant, at page 27, provided 2011 Strip Capitalization Rate Summary prepared by the City of Calgary. He noted the two smallest properties were both less than 10,000 sq. ft. and should not be included as they are physically and economically different from the subject. Similarly, he suggested that properties larger than 50,000 sq. ft. are not retail strip centres, but rather fit into larger class retail centers such as Neighbourhood and Community, and should be removed.

The Complainant, at page 28, recalculated the median Cap rate to be 8.41% after making the

following changes:

1. Recalculating the Cap rate for 1725 32 AV NE by utilizing a backup sale with a higher rental rate to increase the NOI.
2. Recalculating the Cap rate for 3709 26 AVE NE to reflect a correction in the sale price
3. Recalculating the Cap rate for 20 DOUGLAS WOODS DR SE to reflect a correction in the leasable area.
4. Recalculating the Cap rate for 5303 68 AVE NE to reflect an increase in market rents as identified on the rent roll.
5. Recalculating the Cap rate for 920 36 ST NE to reflect an increase in market rents as identified on the rent roll.
6. Removing the sales of properties smaller than 10,000 sq. ft. and larger than 50,000 sq. ft. as they should be considered outliers because of their size.

The Complainant said that through their Cap rate analysis they had identified properties with higher incomes than first reported by the City, and as a result the Cap rate should be increased from 7.25%, as assessed, to 8.25%.

The Complainant, at page 90, provided Retail Strip Proforma for the subject utilizing the Requested Cap rate of 8.25% and all other income valuation parameters the same as the assessment to arrive at his requested Total Current Assessment of \$14,810,596.

The Respondent advised the subject was classified as a Neighbourhood Shopping Centre and had been assessed using the appropriate parameters for a Neighbourhood Centre in NW Calgary.

The Respondent argued the Complainant had not met onus, in that all of his evidence was applicable to Strip Centres and not Neighbourhood Centres.

The Board finds that onus has not been met. There is no evidence to demonstrate an error in the assessment.

Board's Decision:

The 2011 assessment is confirmed at \$16,850,000.

Reasons

There was no evidence to demonstrate that the 7.25% Cap rate utilized by the City was incorrect.

The Complainant's evidence and argument were for Strip Centres whereas the subject is classified as a Neighbourhood Shopping Centre.

DATED AT THE CITY OF CALGARY THIS 16th DAY OF AUGUST 2011.


B. Horrocks
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.*