

**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:

Western Securities Ltd., (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

R. Roy, MEMBER

T. Usselman, 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: 180077604

LOCATION ADDRESS: 8120 Beddington BV NW

HEARING NUMBER: 62871

ASSESSMENT: \$39,330,000

This complaint was heard on the 3rd day of August, 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:

- A. Izard
- B. Neeson

Appeared on behalf of the Respondent:

- B. Thompson

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

The Respondent raised concern with respect to the relevance of several parts of the Rebuttal Evidence Submission of the Complainant (Exhibit C2). The Board determined that the hearing would proceed including consideration of Exhibit C2; and that the concerns of the Respondent would be taken under advisement in weighing the overall evidence of the Parties.

Property Description:

The subject property is a 14.99 acre parcel of commercial land, and is improved with a corrected total of 178,564 square feet (sf.) of net rentable retail area. The property is located at 8120 Beddington BV NW and is known as the Beddington Town Centre. The original market value assessment estimate based on the capitalized income approach, and total net rentable area of 180,113 sf., was \$40,237,490. The original estimate was reduced to a total of \$39,330,000 (rounded), by deducting a tax exempt area assessed at \$901,500. The corrected market value assessment estimate based on the corrected net rentable area, and reduced by the tax exempt area is \$38,890,000. The capitalized income approach calculation used typical values for Community/Neighborhood Shopping Centres.

Issues:

What is the Correct Allocation and Total of Commercial Retail Unit (CRU) Area to be Assessed?

What is the Correct Rental Rate to Apply to the Assessment of the Jr. Big Box Area?

What is the Correct Capitalization Rate ?

Complainant's Requested Value: \$34,540,000

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

What is the Correct Allocation and Total of Commercial Retail Unit (CRU) Area to be Assessed?

The Board finds that the 2010 Assessment Request for Information (ARFI) report submitted by the property owner to the Respondent (Exhibit R1, pages 49-82) supports both the allocation and total CRU area used by the Respondent to prepare the corrected assessment.

The Complainant submitted a rent roll and Tenant Rentable Area Summary (Exhibit C1, pages 37-41). Based on this evidence, the Complainant requested that both the allocation and the total CRU area subject to assessment be further reduced. The Board considered the actual ARFI to be the best evidence and therefore correct for preparing the assessment.

What is the Correct Rental Rate to Apply to the Assessment of the Jr. Big Box Area?

The Board finds the assessed rate of \$17 per square foot to be correct for the Jr. Big Box area.

The assessed rental rate for typical Jr. Big Box stores with 14,001 to 50,000 sf., of net rentable area is \$17 per square foot (psf.). The most current market lease evidence of both parties (ie 2008 or newer), supports the assessed rate. The evidence of the Complainant included dated leases in support of the requested rate of \$15 psf. There was also no evidence to support that the subject store was not typical.

What is the Correct Capitalization Rate ?

The Board finds the assessed capitalization rate of 7.25% to be correct.

The Complainant requested that the capitalization rate (cap rate), be revised to 7.75%. However, the Complainant used actual lease rates to calculate the proposed cap rate, and then applied that rate to typical lease rates used by the Respondent to prepare the assessment. The Board accepts that this procedure produces a lower estimate of market value for the subject property. However, the Board does not accept the calculations used by the Complainant, because they are based on factors derived using different methodologies.

Board's Decision: The assessment is reduced to \$38,890,000.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF DECEMBER 2011.



T. B. Hudson
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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.*

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<i>Decision No.</i>		<i>Roll No.</i>		
<u>Subject</u>	<u>Type</u>	<u>SubType</u>	<u>Issue</u>	<u>Sub Issue</u>
CARB	Commercial	Neighborhood Shopping	Assessment Amount	Area, Rent rate, Cap rate