

**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:

***Woodbine Shopping Centre Ltd.
(as represented by Colliers International Realty Advisors Inc.), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. Vercillo, PRESIDING OFFICER
R. Deschaine, MEMBER
I. Fraser, 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: 144001609
LOCATION ADDRESS: 2525 WOODVIEW DR SW
FILE NUMBER: 67663
ASSESSMENT: \$19,350,000

This complaint was heard on 11th day of October, 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:

- *T. Howell*

Appeared on behalf of the Respondent:

- *R.C. Ford*

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. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description:

[2] The subject property is a neighbourhood shopping centre known as "Woodbine Shopping Centre. According to the information provided, the property contains one building that was constructed in 1981, and is 89,384 square feet (SF) in size. The building is situated on an assessable land area of 286,975 SF.

[3] The subject is assessed using the Income Approach to Value. The building is assessed by applying various market net rental rates to each sub component space of the building which include; commercial retail unit (CRU), car wash, bank, below grade recreation and supermarket spaces. Collectively, a potential gross income (PGI) of \$1,483,371 is calculated. All spaces include allowances for 1.00% to 4.00% vacancy rates (depending on the sub component space), operating costs of \$8.00 and a 1.00% non-recoverable rate. The resulting calculation for net operating income (NOI) is capitalized for assessment purposes using a 7.25% capitalization rate (cap rate).

Issues:

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

- 1) The assessed cap rate applied in the Income Approach to value should be increased to 7.75%.

Complainant's Requested Value:

[5] \$11,830,000 on the complaint form. \$18,110,000 at this hearing.

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

ISSUE 1: The assessed cap rate applied in the Income Approach to value should be increased to 7.75%.

The Complainant provided a 115 page disclosure document 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 chart entitled "2012 Neighbourhood Community Centre Cap Rate Summary". The chart compared cap rates of 7 comparable neighbourhood shopping centres that sold from January 20, 2009 to May 27, 2011. These sales were the same ones used by the Respondent in his analysis (see below). The cap rates ranged from 6.38% to 8.85% with an average of 7.68% and a median of 8.25%.

[7] RealNet Canada Inc. sales documentation, in support of each sale found in the aforementioned neighbourhood shopping centre cap rate summary.

The Respondent provided a 48 page disclosure document that was entered as "Exhibit R1". The Respondent along with Exhibit R1 provided the following evidence or argument with respect to this issue:

[8] A chart of the same 7 neighbourhood shopping centres that the Complainant provided in his disclosure. In this case, the cap rates ranged from 6.38% to 8.85% with an average of 7.10% and a median of 7.50%.

The CARB finds the following with respect to this issue:

[9] That the differing average and median cap rates as derived from the respective parties, was the result of a difference in the NOI calculation for the shopping centre at 1919 SOUTHLAND DR SW. The supporting documentation on this sale provided little support for either party as to their respective NOI calculations.

[10] That the Assessment to Sales (ASR) ratio applied to the two most recent sales in 2011 would be a good test of the cap rate request. The ASR test is summarized as follows:

- 1) 3320 SUNRIDGE WAY NE, sold for \$12,600,000 on January 19, 2011. The NOI as calculated by both parties was \$825,181. Using the Complainant's requested cap rate of 7.75% would result in an assessment of \$10,647,000 (rounded) or an ASR of 0.85. Using the Respondent's cap rate of 7.25% would result in an assessment of \$11,382,000 (rounded) or an ASR of 0.90.
- 2) 999 36 ST NE, sold for \$44,000,000 on May 27, 2011. The NOI as calculated by both parties was \$3,078,516. Using the Complainant's requested cap rate of 7.75% would result in an assessment of \$39,723,000 (rounded) or an ASR of

0.90. Using the Respondent's cap rate of 7.25% would result in an assessment of \$42,462,000 (rounded) or an ASR of 0.97.

Board's Decision:

[11] The complaint is denied and the assessment is confirmed at \$19,350,000

The CARB provides the following reasons for the decision:

[12] The Complainant failed to provide any site specific data to support his request.

[13] The ASR test as calculated by the CARB supports the cap rate used by the Respondent in his Income Approach valuation. The Complainant failed to calculate the ASR's using his alternative cap rate calculation for the sales comparables. In the absence of better and more supportive evidence to the contrary, the Respondent's assessment prevails.

DATED AT THE CITY OF CALGARY THIS 6 **DAY OF** November **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	Cap Rate