

**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:

**WEST HOLDINGS LTD.,
(as represented by Altus Group Inc.),
COMPLAINANT**

and

**THE CITY OF CALGARY,
RESPONDENT**

before:

**R. Glenn, PRESIDING OFFICER
K.Farn, MEMBER
D.Steele, 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 2012 Assessment Roll as follows:

ROLL NUMBER:	075173302
LOCATION ADDRESS:	4019 17 AV SE
FILE NUMBER:	68834
ASSESSMENT:	\$1,310,000

This complaint was heard on Monday, the 12th day of November, 2012 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 3.

Appeared on behalf of the Complainant:

- M. Cameron and Brendan Neeson as agents for Altus Group Inc.

Appeared on behalf of the Respondent:

- D. Clark as assessor for the City of Calgary

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

[1] There were no issues of procedure or jurisdiction raised by either of the parties at the hearing.

Property Description:

[2] The subject property is a small (9,318SF of rentable area) CM0210 Strip Centre comprising several CRUs sitting on .5 acres of land with a C+ Classification located on International Avenue (17 Ave SE) in Forest Lawn, built in 1972.

Issues:

[3] The Complainant seeks a reduction in the subject assessment based on the Income Approach Valuation assessment because the Complainant states that subject is not achieving the rent that most of the other properties in the City would. They also say that the current assessment is a 38% increase from the prior year's assessment.

Complainant's Requested Value:

[4] \$930,000

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

Complainant's Position:

[5] The Complainant argues that the subject property is over-assessed in that 1938 SF of the subject is assessed at a net market rate of \$15/SF when it should have been assessed at \$12/SF. Further, 6330 SF of the subject was assessed at a market rate of \$13/SF when it should have been assessed at just \$9/SF. The median rent for the whole subject is: \$11.31/SF.

[6] The Complainant provides an ARFI to confirm their position on rental rates. They also provide a slightly larger strip mall comparable, approximately 7 blocks away from the subject which shows a median rental rate of \$13.50 along with its respective ARFIs.

[7] They also provide sales data for recent sales in the area, including one vacant lot of about the same size as the subject. The range of sale values is from \$69 to \$107/SF, while the vacant land sold for \$48/SF. They seek to have the subject valued at \$99/SF, and provide a Requested 2012 Retail Strip Assessment Summary with their values shown, and showing a valuation conclusion of \$99/SF, although this includes basement storage. The Board queries the use of the slightly larger strip mall as a comparable.

Respondent's Position:

[9] The Respondent provides both equity and lease comparables, and then states that the Complainant's comparables have substantially varying qualities and then goes on to question their actual comparability. They say one comparable has mixed use, two other comparable are much better quality than the subject, one other comparable is a basement bowling alley, all of which bring their actual comparability into question.

[10] The Respondent admits under cross examination that not all of their comparables are in Forest Lawn, although they add that their comparables are all in the SE quadrant of the City. They answer that the Respondent classifies by quadrant, not necessarily district, as they are entitled to do in their mass appraisal approach.

[11] The Respondent suggests that their appraisal is fair, even though they admit that some of their comparables are a long way from the subject. In cross examination of the Respondent, the Complainant even queries whether the comparables are even in the same economic zone as the subject.

[12] They also admit that their lease comparables are based on typical values, not actual values. They also acknowledge that they have not visited the subject site. They earnestly believe that all of their comparables are strip malls, but also acknowledge that their comparables are difficult to compare.

Board's Decision:

[12] The Board notes that the Respondent's comparables are very weak. However, in order to determine whether the assessment is in need of correction, the Board does its own calculation, based on the Complainant's lease analysis showing that \$13/SF for a small CRU and \$10/SF for a medium CRU as well as \$2/SF for the storage area are appropriate figures.

[13] With consideration of the appropriate vacancy rate, and non-recoverable amounts, a Net Operating Income of \$77,782 is arrived at. Applying a Cap Rate of 7.5%, a value of \$1,037,093 is rendered. The Board considers this to be strong support for an assessment of \$1,030,000. Accordingly, the subject assessment is herewith reduced to the amount of \$1,030,000.

DATED AT THE CITY OF CALGARY THIS 20th DAY OF DECEMBER, 2012.



R. Glenn, 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.2398-2012-P</i>		<i>Roll No.075173302</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Strip Mall	Equity	Income Approach	Market Value