

**COMPOSITE
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, (MGA) Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***Shelson Investments Ltd. (as represented by Assessment Advisory Group),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***C. J. Griffin, PRESIDING OFFICER
J. Rankin, MEMBER
M. Peters, MEMBER***

This is a complaint to the *Composite Assessment Review Board* (CARB) 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: 063008908

LOCATION ADDRESS: 5555 Strathcona Hill SW

HEARING NUMBER: 63588

ASSESSMENT: \$1,930,000.

This complaint was heard on 20th day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- T. Howell

Appeared on behalf of the Respondent:

- D. Desjardins

Property Description:

According to the Assessment Summary Report (Exhibit C-1 pg. 2) and the adjoining assessment calculation sheets (Exhibit C-1 pgs. 3 & 4), the subject property is described as being a Retail Store – Strip with a quality rating of C. The subject property consists of a typical retail strip centre with a total of 11,405 Sq. Ft. of assessed space. The property was constructed in 1980 and the underlying site is 0.73 acres in size.

The property has been assessed through application of the Income Approach with the following inputs:

Commercial Rental Units (CRU) space 0 – 1,000 Sq. Ft.	\$15/Sq. Ft.
CRU 1,001 – 2,500 Sq. Ft. space	\$15/Sq. Ft.
CRU 2,501 – 6,000 Sq. Ft. space	\$13/Sq. Ft.
Vacancy Rate	6.5%
Operating Costs	\$ 8/Sq. Ft.
Non Recoverable Allowance	1% of Effective Net Income
Capitalization Rate	7.50%

Issues:

While there are a number of interrelated issues attached to the Assessment Review Board Complaint form, the Complainant indicated at the Hearing that the issue to be considered by the CARB is reduced to:

1. The subject property has an access/egress and exposure problem that creates a negative impact on the value and the assessed capitalization rate of 7.50% is too low and should be increased to 8.25% to reflect same.

Complainant's Requested Value: \$ 1,760,000.

Party Positions:**Complainant's Position**

The Complainant maintains that the subject property suffers from a lack of exposure and a vehicular access/egress problem which combine to have a negative impact upon the value of the property that has not been recognised by the Assessor. In support of this contention the Complainant introduced (Exhibit C-1 pgs. 11 – 17) a series of photographs which accentuate the aforementioned issues. Additionally the Complainant provided (Exhibit C-1 pgs.7 – 9) a map, site sketch and aerial photograph as further support of their position. In support for their requested capitalization rate the Complainant introduced (Exhibit C-1 pgs. 22 – 25) a copy of CARB Decision 0918/2010-P, a decision from last year which, dealing with the same issue, was granted a reduction and further noting that, in that year the Assessor had applied an 8.25% capitalization rate. In terms of additional evidence the Complainant introduced (Exhibit C-1 pgs. 27 – 29) the Assessment Request for Information (ARFI) document pertaining to the subject property as well as (Exhibit C-1 pgs. 30 – 46) data pertaining to three comparable strip centres all of which have been assessed on the basis of a 7.50% capitalization rate, but none of which share the negative impacts affecting the subject property.

Respondent's Position

The Assessor introduced (Exhibit R-1 pg. 23) a copy of the *City of Calgary Assessment 2011 Summary of Capitalization Rates* which indicates the applied 7.50% capitalization rate for strip retail properties. Additionally, this same document also provides a summary of published 2010 capitalization rates, by property category, as prepared by three well regarded, national real estate companies; however, the Assessor pointed out that this latter information is used only as a check for their own analyses. Additionally, the Respondent provided (Exhibit R-1 pg. 24) a copy of the *City Assessment 2011 Strip Centre Capitalization Rate Summary* which forms the basis for the application of the 7.50% capitalization rate.

The Respondent, referring to the ARFI for the subject property (Exhibit C-1 pgs. 27 – 29), asked the Complainant what the vacancy rate was at the subject property as at the date of valuation, which generated an answer of 0% indicating the property was 100% occupied. Additionally the Respondent noted that the assessed rental rates are not an issue brought forth by the Complainant.

Board's Decision:

The assessment is **confirmed** at: **\$1,930,000.**

Decision Reasons:

The Complainant has provided no evidence to support the requested capitalization rate of 8.25% beyond a CARB decision from 2010 and a copy of the assessment calculation for the subject from that same year. In terms of the ingress/egress issue, the Complainant produced only very poor quality black and white photographs which appear to have been photocopied several times as the quality was so poor as to render same almost useless. As a result of the foregoing the CARB had difficulty identifying the referenced problem. In the judgment of the CARB any negative impact(s) affecting the subject property would manifest themselves in both the rental rates and vacancy rates achieved by the property. In this case the Complainant indicated no issue related to the assessed rental rates or the assessed vacancy rate. Further to this latter matter, the CARB noted with interest that the subject property enjoys (as at the valuation date) 100% occupancy.

It is incumbent upon the Complainant to provide the CARB with clear, detailed and, hopefully, unequivocal evidence to justify an alteration to the assessed value of a property and the CARB is of the judgment that, in this case, the Complainant has failed to provide such evidence.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF October 2011.


C. J. Griffin,
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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.*