

**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:

The Business Depot Ltd., (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

H. Ang, MEMBER

J. Kerrison, 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: 101046902

LOCATION ADDRESS: 321 61 AV SW

HEARING NUMBER: 63846

ASSESSMENT: \$10,520,000

This complaint was heard on the 24th 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:

- A. Izard

Appeared on behalf of the Respondent:

- R. Ford

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

There were no procedural or jurisdictional matters raised by the Parties.

Property Description:

The subject property is a 3.23 acre parcel of commercial land located in the Chinook Station Community shopping centre at 321 61 AV SW. It was improved in 1996 with an A+ quality Jr. Big Box retail store that has 46,000 square feet (sf.) of net rentable area. The property is currently assessed at \$10,520,000(rounded), based on the capitalized income approach to value.

Issues:

In Order to Achieve the Best Estimate of Market Value, should the Assessed Net Operating Income(NOI) of the Subject Property be Capitalized at 7.25%, or at 7.75%?

Complainant's Requested Value: \$9,840,000(rounded).

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

In Order to Achieve the Best Estimate of Market Value, should the Assessed Net Operating Income(NOI) of the Subject Property be Capitalized at 7.25%, or at 7.75%?

The Board finds that the assessed NOI should be capitalized at 7.25% to achieve the best estimate of market value for the subject property.

On a balance of probabilities, the Board has to be persuaded that application of the proposed 7.75% cap rate to the assessed net operating income (NOI) of the subject property, would result in a better estimate of market value for assessment purposes.

The Respondent did not submit any evidence in support of the cap rate used to prepare the current assessment. The Complainant did submit considerable criticism of the Respondent's

inconsistent process and questionable sales leading to the 7.25% cap rate used to prepare the 2011 assessments of all Neighborhood/Community shopping centres in Calgary.

However, the inconsistent use of actual and "equitable" rental values by the Complainant was also a significant concern raised by the Respondent. Mixing actual and "equitable" values may result in a cap rate and subsequent estimate of market value which reflects a lease fee estate rather than the fee simple estate required by the legislation and regulations in Alberta .

The Respondent also submitted a Neighborhood/Community Centre Capitalization Rate Assessment to Sale Ratio (ASR) Chart, (page 17 of Exhibit R1). The Chart compares the ASR results for each of the five (5) sale properties used by the Complainant to develop the proposed 7.75% cap rate.

The proposed 7.75% cap rate and the assessed 7.25% cap rate, were applied to the 2011 assessed NOI of each of the sale properties. The resulting assessment estimates were then divided by the sale price of each property, to calculate an ASR. The median ASR of the sales is 1.00 using the assessed 7.25% cap rate; while the median ASR is .93 using the proposed 7.75% cap rate. Given that the quality standard is .95 to 1.05, the evidence does not support the change in cap rate proposed by the Complainant.

Board's Decision: The assessment is confirmed at \$10,520,000

DATED AT THE CITY OF CALGARY THIS 25 DAY OF November 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 & C3	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>Sub-Issue</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail	Neighborhood Centre	Income Approach	Cap Rate