

**COMPOSITE
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:

***Ruth Singer Investments Ltd.
(as represented by Altus Group Ltd.), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***C. J. Griffin, PRESIDING OFFICER
S. Rourke, MEMBER
E. Reuther, 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: 064051006

LOCATION ADDRESS: 4623 Bow Trail SW

HEARING NUMBER: 63791

ASSESSMENT: \$4,590,000

This complaint was heard on 14th day of November, 2011 at the office of the Assessment Review Board located at 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- A. Izard

Appeared on behalf of the Respondent:

- R. Ford

Property Description:

The subject property is, according to the Assessment Summary Report (Exhibit C-1 pg. 13), a retail strip centre with a "B" quality rating and a year of construction (YOC) of 1959. The property contains 18,584 Sq. Ft. of assessed area and it sits on a 1.08 acre site. Influences are recorded as being: 1) corner lot and 2) traffic expressway/freeway. The assessed value has been derived through application of the Income Approach to Value with the following inputs:

<u>Property Description</u>	<u>Area (Sq. Ft.)</u>	<u>Rental Rate</u>
Bank	2,190	\$24/Sq. Ft.
CRU 0 – 1,000 Sq. Ft	2,484	\$22/Sq. Ft.
CRU 1,000 – 2,500 Sq. Ft.	3,835	\$22/Sq. Ft.
CRU 6,001 – 14,000 Sq. Ft.	10,075	\$19/Sq. Ft.
Operating Costs		\$ 8/Sq. Ft.
Vacancy Rate		6.50%
Non Recoverables		1.00%
Capitalization Rate		7.50%

Issues:

While there are a number of interrelated issues outlined on the Assessment Review Board Complaint form, the Complainant reduced the issues to be considered by the CARB to:

1. The assessed rental rates are too high and not indicative of market rates.
2. The subject property is misclassified as "B" quality when it should be classified as "C".
3. The assessor has over stated the assessed size of the building at 18,584 Sq. Ft. when it is 18,205 Sq. ft. in size.

Complainant's Requested Value: \$3,720,000.

Party Positions:**Complainant's Position**

The Complainant has completed a valuation, for assessment purposes, of the subject property using the following, and requested rental rates and other inputs:

<u>Property Description</u>	<u>Area (Sq. Ft.)</u>	<u>Requested Rental Rate</u>
Bank	2,190	\$24/Sq. Ft.
CRU 0 – 1,000 Sq. Ft	2,105	\$20/Sq. Ft.
CRU 1,000 – 2,500 Sq. Ft.	3,835	\$20/Sq. Ft.
CRU 6,001 – 14,000 Sq. Ft.	10,075	\$14/Sq. Ft.
Operating Costs		\$ 8/Sq. Ft.
Vacancy Rate		6.50%
Non Recoverables		1.00%
Capitalization Rate		7.50%

In support for their requested rental rate for the CRU 6,001 – 14,000 Sq. Ft. category, the Complainant introduced (Exhibit C-1 pg. 27) a copy of the 2011 assessed Income Approach Valuation for the Westbrook Mall, an enclosed, renovated and upgraded shopping centre that is

located in close proximity to the subject and which indicates an assessed rental rate, for the named category, of only \$17/Sq. Ft. Additionally the Complainant introduced (Exhibit C-1 pg. 37) similar evidence relating to the Heritage Hill Plaza, located in the 8100 block of Macleod Trail south, which indicates an assessed rental rate for this same size category of \$16/Sq. Ft. The Complainant questions how such superior properties deserve a lower rental rate than the subject strip centre. The Complainant suggests to the CARB that, following the assessor's hierarchy theory, a retail strip property such as the subject should have lower assessed rental rates than those applied to superior properties such as the two aforementioned examples.

Respondent's Position

The Assessor provided (Exhibit R-1 pgs. 22 -24) eight (8) lease comparables for the various categories of space contained within the subject property. These comparables are all derived from retail strip centres similar to the subject and all have reasonable proximity to the subject property. It is the opinion of the Assessor that the referenced comparables fully support the applied rental rates utilized in preparing the assessment of the subject property.

The Assessor pointed out that the matter of classification is dependent upon more than just the YOC. It is the viewpoint of the Assessor that the classification of a property can be largely related to the rents the property is capable of producing as the age and condition of the property, among other considerations, is manifested in those rents.

With regard to the issue of the rentable area, the Assessor was unable to explain why the city records would show a difference of approximately 379 Sq. Ft.

Complainant's Rebuttal:

The Complainant provided a rebuttal brief (Exhibit C-2) wherein they indicated that (Exhibit C-2 pg. 9) one of the comparables referred to by the Assessor could not be located utilizing the city's computer search system. The Complainant also (Exhibit C-2 pg. 11) introduced evidence that one of the comparables utilized by the Assessor (1935 – 37 St. SW) to support their applied \$22/Sq. Ft. rental rate is actually assessed at \$19/Sq. Ft. Additionally, the Complainant indicated (Exhibit C-2 pg. 14) that one of the comparable strip centres utilized by the Assessor for comparable purposes is an "A" Class property and thus it is not directly comparable to the subject.

Board's Decision:

The assessment is **confirmed** at **\$4,590,000**.

Board Reasons:

In the judgement of the CARB the evidence presented by the Complainant would have been more useful had an equity argument been pursued; however, that is not the case and equity is not an issue that is directly before the CARB. It is a basic appraisal/assessment tenet that comparables should, when possible, be extracted from similar properties. It makes little sense to the CARB that lease rates from enclosed malls of a completely different retail category be utilized for comparison purposes to the subject strip centre. While it may seem reasonable to assume that an enclosed mall would generate higher rents than a strip centre might, the

evidence does not support this hypothesis. Retail rental rates are largely determined by such factors as exposure, traffic, etc. and it follows that a well located strip centre which does enjoy good exposure and high traffic volumes might well have rental rates that exceed those of an enclosed mall.

With regard to the classification issue, the CARB is of the judgment that neither party provided sufficient evidence on this matter to warrant a change.

With regard to the size issue, the only evidence the CARB had to consider for this matter is the rent roll as provided in the Complainant's Exhibit C-1; however, the CARB notes that while that information may be more accurate than the information recorded by the Assessor, making a change in the assessed value to account for this relatively minor size differential does not significantly alter that assessed value. The CARB recommends that this issue be resolved by the rate-payer and the Assessor prior to the next assessment being prepared.

It is the responsibility of the Complainant to provide the CARB with sufficient, unequivocal evidence to warrant a change in the assessed value of any given property and in this case the CARB is of the judgment that the Complainant has failed to do so.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF December 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. C2	Complainant's Rebuttal
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.*