



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:

1239466 Alberta LTD. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

P. Petry, PRESIDING OFFICER

H. Ang, BOARD MEMBER

R. Deschaine, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER: 055066906

LOCATION ADDRESS: 817 19th Street N.E.

FILE NUMBER: 70583

ASSESSMENT: \$8,880,000

This complaint was heard on the 23rd day of September, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *J. Langelaar*

Appeared on behalf of the Respondent:

- *G. Good*

Property Description:

[1] The subject is classed as a retail strip centre constructed in 1964. It consists of 41,488 square feet (sq. ft.) of rentable area with varying commercial retail unit (CRU) sizes, bank, mezzanine and supermarket space. The subject property has been assessed using the capitalized income approach. The primary dispute centres on the lease rates applied in reaching the assessment.

Issue:

[2] What are the most appropriate rental rates for the application of the capitalized income approach to value for the subject property?

[3] Other matters and issues were raised in the complaint filed with the Assessment Review Board (ARB). The only issues, however, that the parties sought to have the Composite Assessment Review Board (CARB) address in this hearing are those referred to above, therefore the CARB has not addressed any of the other matters or issues initially raised in the Complaint.

Complainant's Requested Value:

[4] The Complainant's request is that the assessment be reduced to \$7,930,000.

Board's Decision:

[5] The CARB has determined that the rental rates used to develop the current assessment should not be changed and therefore confirms the assessment of \$8,880,000.

Legislative Authority, Requirements and Considerations:

[6] The Composite Assessment Review Board (CARB), derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:

[7] *Section 460.1(2): Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).*

[8] For purposes of the hearing, the CARB will consider MGA Section 293(1):

In preparing an assessment, the assessor must, in a fair and equitable manner,

a) apply the valuation and other standards set out in the regulations, and

b) follow the procedures set out in the regulations

[9] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:

[10] *An assessment of property based on market value*

(a) must be prepared using mass appraisal,

(b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property

Summary of the Party's Positions**Complainant**

[11] The assessment breaks out applicable rental rates based on size brackets for CRU space. Complainant has provided rental rates within the subject and some market data as well for certain CRU size brackets. One lease within the subject at a rate of \$17 per sq. ft. was provided for the size bracket of 0 to 1,000 sq. ft. and the Complainant claimed that this lease is the only available current data for this size category.

[12] For the next CRU size bracket of 1,001 sq. ft. to 2,500 sq. ft. the Complainant provided several lease rate comparables for properties in the South East quadrant of the City. This information shows a median rental rate of \$15.75. This is the rate recommended by the Complainant for the 1,001 to 2,500 sq. ft. CRU size range.

[13] Two leases were provided for the unit size range from 2,501 to 6,000 sq. ft. bracket. These leases show a median rate of \$16.50 per sq. ft. This rate is recommended by the Complainant for this CRU size range.

[14] The resulting value after applying all of the above recommendations is \$7,930,000.

Respondent

[15] The Respondent introduced the rent roll for the subject property and pointed out that the subject property is achieving income similar to the income projected in the assessment and argued that the subject is capable of achieving the income used in arriving at the assessment.

[16] The Respondent submitted lease data for each of the above noted CRU size brackets and argued that the Complainant has relied on lease data from a different quadrant of the City where rates may not be the same as in the North East.

[17] The Respondent argued that the rental rates are correct and that the assessment is fair and equitable.

Findings and Reasons for the Board's Decision:

[18] The CARB has carefully reviewed both parties' evidence with respect to rental rates applicable to the subject and similar properties. The Respondent's evidence fails to support the lease rates used in the assessment. However the CARB also finds that the evidence relied upon by the Complainant is also very limited.

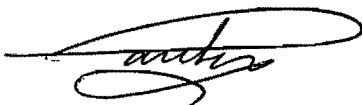
[19] The first size category is supported by only a single lease within the subject and the CARB is not prepared to place weight on such slim evidence. For the second size category the Complainant relies on leasing activity in the South East rather than data from the North East quadrant where the subject is located. The CARB is not convinced that this information is applicable to the subject. The data submitted for the last CRU size category is also found to be too limited and therefore is not compelling.

[20] The Respondent's evidence showing that the subject is achieving income similar to the income used in the assessment is somewhat compelling. The CARB recognizes that this is not the approach one would apply in reaching the assessment for the subject property; it nevertheless raises doubts respecting the wisdom of reducing the assessment base on the limited data available to the CARB in this case.

[21] The CARB therefore confirms the assessment for the subject property at \$8,880,000.

It is so ordered.

DATED AT THE CITY OF CALGARY THIS 17th DAY OF October 2013.



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. C3	Complainant Common Evidence
4. 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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
Commercial	Strip Centre	Retail	Rental Rate	