



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:

176 Bedford 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: 181075003

LOCATION ADDRESS: 176 - Bedford Drive N.E.

FILE NUMBER: 70601

ASSESSMENT: \$3,110,000

This complaint was heard on the 10th day of June, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *G. Worsley and W. Van Bruggen*

Appeared on behalf of the Respondent:

- *Mike Ryan and L. Dunbar-Proctor*

Property Description:

- [1] The subject is a B- Class retail strip centre constructed in 1981. It consists of 14,358 sq. ft. of rentable area with varying CRU sizes, the majority of which are in the 1,001 to 2,500 sq. ft. range. The subject property has been assessed using the capitalized income approach.

Issue:

- [2] What is the correct classification for the subject property?
- [3] What is the correct rental rate for use in the capitalized income approach?
- [4] 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:

- [5] The Complainant's request is that the assessment be reduced to \$2,380,000.

Board's Decision:

- [6] The CARB confirms the assessment at \$3,110,000.

Legislative Authority, Requirements and Considerations:

- [7] The Composite Assessment Review Board (CARB), derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:
- [8] *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).*

- [9] 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*
- [10] 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:
- [11] *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

- [12] The Complainant argued that the subject property and other similar properties cannot achieve the rental rates used by the Respondent in its determination of the assessment. The Complainant pointed out that the recent lease rates in the subject are well below those rates applied for class B- properties and are more in line with the rates assigned to C+ class properties. The Complainant introduced lease rate data from the subject which indicated that over the period June 2010 to August 2011 leases within the subject have ranged from \$12 per sq. ft. to \$19 per sq. ft. The Respondent has applied a rate of \$18 per sq. ft. for all B- classed retail strip centres in this area of the City. The Complainant provided leasing data for a number of retail strip centres in the C+ class to show that these properties achieve a median rate of \$13.50 per sq. ft. which is similar to the median of \$14 per sq. ft. achieved by the subject.
- [13] Based on the foregoing evidence and argument, the Complainant requested that the CARB assign the subject to the C+ class and apply the rental rates used by the Assessor for that class. These values are \$16 per sq. ft. for space in the 0 to 1,000 sq. ft. category and \$14 per sq. ft. for space in the 1,001 to 2,500 sq. ft. category. The resulting assessment would be \$2,380,000.

Respondent

- [14] The Respondent introduced the rent roll for the subject property and argued that the income achieved by the subject property is considerably more than that represented by the Complainant and if actual income is used with other factors remaining unchanged the resulting value exceeds the assessment of \$3,110,000.
- [15] The Respondent also provided a sampling of lease activity in the northeast to support the assessed rates. The most relevant sample was for the space category of 1,001 to 2,500 sq. ft. which showed a median rate of \$17 per sq. ft. The Respondent acknowledged that this value is below the \$18 rate applied, however argued that it

did not provide the complete analysis but rather a sample.


- [16] The Respondent argued that the Complainant has provided evidence that the assessment is not at market value and requested that the assessment be confirmed.

Findings and Reasons for the Board's Decision:

- [17] The CARB has carefully reviewed both party's evidence with respect to the question of classification and rental rates. The CARB finds that the data presented by the Complainant is incomplete and not reflective of the income capacity of the subject property. The CARB had difficulty in determining the similarity of the comparables used by the Complainant to the subject property.
- [18] The Respondent's evidence was more compelling and the rent roll does show that the subject property is capable of achieving rents within the range of the assessed rates.
- [19] The CARB has not been convinced that the subject property is wrongly classified as a B- property. The typical rental rates for that class will therefore apply.
- [20] The CARB's decision therefore is to confirm the assessment at \$3,110,000.

It is so ordered.

DATED AT THE CITY OF CALGARY THIS 10th DAY OF July 2013.



Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. 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
Retail	Strip Centre	Classification	Rental Rate	