

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:

1001136 Alberta Ltd. (as represented by Cushman & Wakefield Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

R. Kodak, BOARD MEMBER

J. Pratt, 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:	200116739
LOCATION ADDRESS:	8 Weston Drive SW, Calgary AB
FILE NUMBER:	71716
ASSESSMENT:	\$4,950,000

This complaint was heard on the 4th day of July, 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:

- *J. Goresht*

Appeared on behalf of the Respondent:

- *S. Paulin & Jean-Sebastien Villeneuve-Cloutier*

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

- [1] There were no preliminary procedural or jurisdictional matters to be decided.

Property Description:

[2] The property that is the subject of this assessment complaint is a retail strip shopping centre located within the residential community of West Springs. It comprises a 1.02 acre commercial lot improved with a one storey 13,450 square foot retail strip building, constructed in 2004. For assessment purposes, the property is in the "A-" quality class.

[3] The 2013 assessment was prepared using an income approach. Typical rental rates are assigned to commercial rental units in the building. Units containing less than 1,000 square feet are assigned a \$29.00 per square foot rent while units between 1,001 and 2,500 square feet in area have a \$28.00 per square foot rate. An 8.5 percent vacancy allowance is deducted as is a 1.0 percent non-recoverable expense allowance. Expenses on vacant space are based on a rate of \$8.00 per square foot. The resulting net operating income is converted into a value by application of a 6.75 percent capitalization rate.

Issues:

[4] In the Assessment Review Board Complaint form, filed March 4, 2013, Section 4 – Complaint Information had check marks in nine of the ten boxes: Description of the property, Assessment amount, Assessment class, Assessment sub-class, Type of property, Type of improvement, School support, whether the property is assessable and whether the property is exempt from taxation.

[5] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment was incorrect or too high for a number of reasons.

[6] At the hearing, the Complainant pursued the following issue: the property is inequitably assessed.

Complainant's Requested Value: \$3,868,000

Board's Decision:

[7] The assessment is confirmed at \$4,950,000.

Position of the Parties**Complainant's Position:**

[8] The subject property is in an isolated location and for this reason, it has no national tenants. The quality is too high for the location and other similar sized strip centres in the submarket area are assessed at lower rates.

[9] The subject property is the only "A-" property in the community. Its assessment equates to \$368.03 per square foot of building area.

[10] Assessment data on six other shopping centres was set out in evidence. Three of those centres are considered by the Complainant to be inferior to the subject (classes "B", "C" and "C+" and three are considered to be superior properties ("A2" and "A+"). Note: "A2" is the class between "A-" and "A+". Assessments on the "B" and "C" properties are from \$186.76 to \$265.28 per square foot of building area. Those for the "A" properties are from \$384.48 to \$466.01 per square foot of building area.

[11] In the "B" and "C" properties, rents applied to units containing less than 1,000 square feet are from \$16.00 to \$23.00 per square foot. In the "A" buildings, those units have rental rates of \$30.00 to \$35.00 per square foot. The comparably sized subject units are assigned a \$29.00 per square foot rental rate. For unit sizes between 1,001 and 2,500 square feet, "B" and "C" properties have rents assigned of \$15.00 to \$22.00 per square foot, "A" properties have \$29.00 to \$34.00 per square foot rents and the subject has a \$28.00 per square foot rate. The Complainant did not have any details of leases to tenants within the subject property.

[12] The subject is isolated within a residential community and it is not located on a major roadway. This location warrants a classification more in line with "B" class properties. Accordingly, the subject's rental units should be assigned rents of \$23.00 and \$22.00 per square foot. With no changes to any of the other valuation parameters, the requested assessment is \$3,868,000.

Respondent's Position:

[13] The quality rating applied to shopping centre properties has regard to the property's age, quality of construction, condition, market area, tenant mix and achievable rents. It is the mix of tenants that is considered, not whether they are national or local businesses.

[14] The subject property is located on 73 Street SW which is considered to be a collector roadway.

[15] No rental information was available for this property. The Respondent presented a copy of a notice to the property owner regarding the 2012 Assessment Request For Information (ARFI). This request is sent to property owners pursuant to the provisions in the Municipal Government Act. Section 295 of the Act states that a property owner is precluded from making a complaint against an assessment if there has not been a response to an ARFI. For 2012, the subject property owner had not responded to the ARFI. The Respondent was clear that this was being brought to the CARB's attention but the Respondent was not making an application to

have the complaint disqualified.

[16] Having regard to the six properties used by the Complainant, the Respondent showed that the subject was in between the "B-C" and the "A-A+" properties as far as valuation parameters are concerned. This is precisely where an "A-" property should be expected to fit.


Board's Reasons for Decision:

[17] The CARB confirms the assessment for the reasons that follow.

[18] The Complainant argues that the subject property suffers from an isolated location within a residential neighbourhood. There was no evidence to show that this property had abnormal vacancy levels due to its location.

[19] There was no rental evidence from the subject property to show that it did not fit into the "A-" classification. The Complainant provided no market support for the contention that the subject property was more like a "B" quality property. Of the six comparison properties described by the Complainant, one property was in the "B" class. That property was located on a very heavily travelled roadway. It was built in 1959 whereas the subject was built in 2004. No evidence was presented to illustrate that the market considered eight year old properties to be of comparable investment quality to 53 year old properties. With no actual rental information available for either property, it was not possible to make comparisons.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF August 2013.



W. Kipp
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 Internal Use

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	RETAIL	STRIP PLAZA	INCOME APPROACH	EQUITY COMPARABLES