



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:

970742 Alberta Ltd. (as represented by Linnell Taylor Assessment Strategies)
COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Fegan, PRESIDING OFFICER
M. Grace, 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:	034124701
LOCATION ADDRESS:	4812 Centre St. NE.
FILE NUMBER:	72016
ASSESSMENT:	1,260,000

This complaint was heard on the 18th day of June, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- J. Mayer (Linnell Taylor Assessment Strategies)

Appeared on behalf of the Respondent:

- S. Turner (City of Calgary)
- N. Sunderji (City of Calgary)

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

- [1] No procedural or jurisdictional matters were raised.

Property Description:

- [2] The subject property is a retail strip centre located at 4812 Centre Street NE. The building size is 5,160 square feet and the site is 0.26 acres in size.

Issues:

- [3] The only issue raised by the complainant was that of the capitalization rate that had been applied by the assessor. The complainant argued for a 7.0% cap rate instead of the 6.75% cap rate used by the assessor.

- [4] **Complainant's Requested Value:** \$ 1,170,000.

Board's Decision:

- [5] The complainant is denied and the assessment is confirmed

Position of the Parties:

Complainant's Position:

- [6] The complainant presented four sales in support of his capitalization rate request. Three of the four sales occurred in 2011. The complainant used a Net Operating Income taken from the City's 2013 income valuation sheets.

- [7] In rebuttal the complainant requested that the Board remove seven sales from the City's cap rate study and rely on the remaining six sales which would result in a median cap rate of 7.08%.

Respondent's Position:

- [8] The respondent provided a capitalization rate analysis using 13 sales of strip centres from across the City. The median cap rate from that analysis was 6.44% and a cap rate of

6.75% had been applied to strip centres city wide.

[9] The respondent pointed out that City's analysis used the typical market rent, adjusted for vacancy and non-recoverable expenses taken from the year in which the sale occurred. The respondent also pointed out that complainant had used the typical market rent adjusted for vacancy and non-recoverable expenses however the rents used were taken from the 2013 assessed rents and not from the year in which the sales occurred.

Board's Reasons for Decision:

[10] The Board found that the evidence provided in support of increasing the capitalization rate was not compelling. All four of the sales used in the analysis were described in exhibit C-1 as being "Freestanding" retail. While this description was not correct in each case the Board found it was correct in two of the four properties. (511 10 ST. SW. and 2803 Centre ST NW) The Board rejected the use of 511 10 ST. SW. as not being sufficiently comparable to the subject due to it's location in close proximity to the Downtown core.

[11] The Board rejected the use of 2803 Centre St. NE. due to the fact it was vacant at the time of the sale and was subsequently renovated for a single tenant use and did not continue as a retail use after the sale.

[12] The Board found the complainant's use of the 2013 assessed market rents to estimate capitalization rates for the three sales which occurred in 2011 would skew the results of the analysis.

[13] The Board found that the complainant had not demonstrated that the subject property was not similar to other strip centres across the City.

[14] The Board found that using a median cap rate of thirteen sales was preferable to reducing the sample size to six properties.

[15] The Board found that the subject was sufficiently similar to those properties used in the cap rate analysis and any variables between the subject and the sales used in the analysis would be accounted for by the use of the median cap rate taken from thirteen sales.

DATED AT THE CITY OF CALGARY THIS 16th DAY OF July 2013.



R. Fegan
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	Respondent Disclosure
3. C2	Complainant Rebuttal

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.*