

## **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:

***Capital Ideas Ltd. (as represented by Altus Group Ltd.) COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before:

***Board Chair; J. Zezulka  
Board Member; M. Grace  
Board Member; K. Bickford***

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: 083200899**

**LOCATION ADDRESS: 1935 - 37 Street SW**

**FILE NUMBER: 72255**

**ASSESSMENT: \$5,130,000**

This complaint was heard on 21 day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *R. Urban*
- *J-S. Villeneuve-Cloutier*

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

- (1) There were no procedural or jurisdictional matters raised by either party.

**Property Description:**

- (2) The property consists of Glendale Plaza, a 20,481 s.f., single storey strip shopping centre located in the Glendale community of SW Calgary. The quality rating applied by the City is class "B-". The building was built in 1963.

**Issues / Appeal Objectives**

- (3) The subject is currently being assessed using the income approach. The Complainant does not dispute the valuation method. The Complainant agrees with all of the inputs utilized by the Respondent in the capitalization calculations except for the rent in the CRU 2,501 to 6,000 s.f. category. The Respondent has utilized a rental rate of \$19.00 per s.f.. The Complainant argues that a rate of \$15.00 per s.f. is more appropriate.

**Complainant's Requested Value:**

- (4) \$4,490,000

**Board's Decision:**

- (5) The assessment is confirmed.

**Legislative Authority, Requirements and Considerations:**

- (6) This Board derives its authority from section 460.1(2) of the Municipal Government Act, being Chapter M-26 of the revised statutes of Alberta.

(7) Section 2 of Alberta Regulation 220/2004, being the Matters Relating to Assessment and Taxation Regulation (MRAT), states as follows;

*"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"*

(8) Section 467(3) of the Municipal Government Act states;

*"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration*

*(c) the assessments of similar property or businesses in the same municipality."*

(9) For purposes of this Complaint, there are no extraneous requirements or factors that require consideration.

### **Position/Evidence of the Parties**

#### **Evidence**

(10) The Board notes that the assessment has increased from \$4,680,000 in 2012, to \$5,130,000 in 2013, an increase of 9.6 per cent.

(11) In support of his request, the Complainant submitted a rent roll from the subject (C1, page 24). There are three leases in the size category in question. Two are dated leases back to 2007 and 2008. The rents are \$26.00 and \$28.00 per s.f.. The third lease is an October, 2012 renewal by the centre's anchor tenant at \$19.00 per s.f.

(12) The Complainant also submitted five lease comparables (C1, page 26). Lease rates range from \$15.00 to \$28.50 per s.f. The mean is \$18.50, and the median is \$15.00. Three of the five lease comparables are at \$15.00 per s.f., and one is at \$19.00.

(13) The Respondent also submitted the rent roll from the subject. The Respondent, however, pointed out that the average rent calculates to \$23.50 per s.f., which is higher than the assessed rent. The Respondent also pointed out that all 12 of the tenants are paying higher rents than the Complainant's request.

(14) The Respondent also submitted seven comparable leases (R1, page 22). Rents range from \$15.00 to \$28.50 per s.f.. The mean is \$19.79 and the median is \$19.00.

#### **Board's Reasons for Decision:**

(15) The overall average rent in the subject shopping centre is 56.7 per cent higher than the Complainant's request. The average rent of the three spaces in the subject in the 2,501 to 6,000 s.f. category is 62.2 per cent higher than the Complainant's request.

(16) The median of the Complainant's lease data is equal to the request. The mean is 23.3 per cent higher than the request.

(17) The mean and median of the Respondent's data is 31.9 and 26.7 per cent higher than the Complainant's request. The Complainant did not demonstrate any shortcomings in the Respondent's data.

(18) It seems evident that the Complainant has adopted the lowest rent amount reasonably

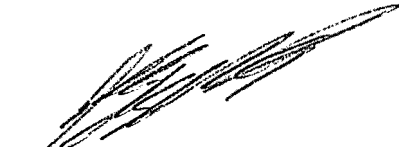
possible as the basis for the request.

(19) Section 4(1) of the Matters Relating to Assessment and Taxation Regulation state that the valuation standard for a parcel of land is market value. The definition of market value refers to the "most probable price", and not the highest, or the lowest price. It follows therefore, that the ingredients used in the determination of market value should be the "most probable" amounts, like the mean or median of a range of inputs, and not the highest or the lowest of the indicated ranges.

(20) The Complainant has failed to convince this Board to adopt an amount at the lowest end of the indicated range for this size category of retail space.

(21) The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 29 DAY OF November 2013.



**Jerry Zezulka**  
**Presiding Officer**

**APPENDIX "A"**

**DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

<b>NO.</b>	<b>ITEM</b>
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- |    |                           |
|----|---------------------------|
| 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 MGB Administrative Use Only**

Decision No. CARB 72255P/2013			Roll No. 083200899	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	retail	Market Value	Income Approach	Rental Rate