



## **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:**

***Yiu Cheung Lee, Yiu Bing Lee, and Yiu Tung Lee (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: 065014003**

**LOCATION ADDRESS: 3708 - 17 Avenue SW**

**FILE NUMBER: 72452**

**ASSESSMENT: \$7,130,000**

This complaint was heard on 23 day of October, 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:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *R. Urban*

**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 a 29,236 s.f. retail shopping centre, located in the Rosscarrock community of SW Calgary. The centre consists of two buildings, containing 26,041 and 3,195 s.f. The quality rating applied by the City is class "B" for the larger building, and "A-" for the smaller building. The larger building was constructed in 1955. The smaller one was built in 1980. The land area is 2.56 acres.

**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, and the 6,001 to 14,000 s.f. category. The Respondent has utilized rental rates of \$21.00 and \$18.00 per s.f. respectively. The Complainant argues that rates of \$18.00 and \$16.00 per s.f. are more appropriate.

**Complainant's Requested Value:**

- (4) \$6,570,000

**Board's Decision:**

- (5) The assessment is reduced to \$6,950,000.

**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**

(10) The Board notes that the assessment has increased from \$6,590,000 in 2012, to \$7,130,000 in 2013, an increase of 8.2 per cent.

(11) The Complainant submitted three leases in the 2,501 to 6,000 s.f. category, including one lease in the subject (C1, page 25). The lease within the subject center has a start date of June 1, 2010. The contract rent is \$18.00. The mean and median of the three leases are \$18.50 and \$18.00 per s.f.

(12) In the 6,001 to 14,000 s.f. category, the Complainant submitted two leases. The mean and median is \$16.43, which is lower than the request for this size category.

(13) The Respondent presented four tables containing retail unit leases used in the 2013 assessment (R1, pages 16 to 19). Summarized, the tables appear as follows;

<u>Size category</u>	<u>Bldg. class</u>	<u>No. of Samples</u>	<u>Rent range</u>	<u>Mean</u>	<u>Median</u>
2,501 - 6,000 s.f.	B	2	\$18.00 - \$20.00	\$19.00	\$19.00
2,501 - 6,000	B-	5	\$15.00 - \$28.50	\$18.50	\$19.00
2,501 - 6,000	B+	4	\$20.00 - \$30.37	\$23.59	\$22.00
6,001 - 14,000	A-	2	\$20.00 - \$25.00	\$22.50	\$22.50
6,001 - 14,000	B	2	\$18.00 - \$24.00	\$21.00	\$21.00
6,001 - \$14,000	B+	1	\$21.00	\$21.00	\$21.00
6,001 - \$14,000	C+	1	\$18.00	\$18.00	\$18.00

(14) Within the tables, there are two leases from the subject in the 2,501 to 6,000 s.f. category. Both reflect rents of \$18.00.

(15) In evidence, the Respondent stated that building stratification is often at the discretion of the individual assessor. No doubt, the majority of assessors possess the knowledge and experience to classify properties in accordance with some guidelines, albeit unwritten guidelines. At the same time, building classification appears to be a subjective process that might not always produce the same result between two individuals.

(16) In response to questions, the Respondent stated that the reason the City's assessed

rate is approximately \$1.00 higher than the amount indicated by the data is because of a software computer program. Also, because of a paucity of data, the rents adopted in the various classes is a blended progression between size and class categories.

**Board's Reasons for Decision:**

(17) This Board does not accept a value conclusion based on a computer software program about which very little is known. From a layman's point of view, all computer programs produce a result that is contingent on the inputs fed into the program by the operator or analyst. The Respondent did not produce any of the inputs used to generate the results.

(18) The Board can find no discernible relationship between building class, rent levels, and size category within the four rent summaries submitted by the Respondent.

(19) None of the Respondent's "B" class space in the 2,501 to 6,000 s.f. category support the \$21.00 per s.f. assessed rate.

(20) In the CRU 6,001 to 14,000 s.f. size range, the "C" and "B" class properties within the Respondent's evidence reflect rents between \$18.00 and \$22.50 per s.f. The mean and median of the "B" class properties substantiate the \$18.00 per s.f. assessed rate.

(21) The three leases provided by the Complainant in the 2,501 to 6,000 s.f. category, at a mean and median of \$18.50 and \$18.00, are sufficient to cast doubt on the City's \$21.00 per s.f. assessed rate. The Respondent did not provide sufficient evidence to adequately defend the rate adopted.

(22) Based on the available evidence, the rate for the CRU 2,501 to 6,000 s.f. category is reduced to \$18.00. At the same time, the \$18.00 per s.f. rate for the 6,001 to 14,000 s.f. category is confirmed.

(23) The amended rent produces a capitalized result for the subject of \$6,957,884, truncated to \$6,950,000.

DATED AT THE CITY OF CALGARY THIS 29<sup>th</sup> DAY OF November 2013.



**Jerry Zezulka**

**Presiding Officer**

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

Decision No. CARB 72452P/2013			Roll No. 065014003	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	retail	Market Value	Income Approach	Rental Rate