

## **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:

***Signal Hill Plaza Inc. (as represented by Altus Group Ltd.), COMPLAINANT***

and

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

before:

***B. Horrocks, PRESIDING OFFICER***

***J. Rankin, 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:

<b>ROLL NUMBER:</b>	<b>084099803</b>
<b>LOCATION ADDRESS:</b>	<b>1919 SIROCCO DR SW</b>
<b>FILE NUMBER:</b>	<b>72471</b>
<b>ASSESSMENT:</b>	<b>\$13,400,000</b>

This complaint was heard on the 29th day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8

Appeared on behalf of the Complainant:

- A. Iazard (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- R. Urban (City of Calgary)

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

- [1] There were no concerns with the board as constituted.
- [2] The parties have visited the site.
- [3] The parties have discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.

**Property Description:**

[5] The subject property is a 3.08 acre parcel located in the Signal Hill community in SW Calgary. The parcel is improved with a Retail Strip Shopping Centre with a Gas Bar/Convenience Store, commonly referred to as Signal Hill Plaza. The improvements total 30,553 square feet (sf) in 4 buildings that were constructed in 1990 and are classified as "A+" quality. The subject property is assessed using the Income Approach to value, with the net operating income (NOI) capitalized at the rate of 6.75%.

**Issues:**

[6] An "assessment amount" and "an assessment class" were identified on the Assessment Review Board Complaint Form as the matters that apply to the complaint. At the outset of the hearing, the Complainant advised that there were three outstanding issues, namely: "The assessed rental rate for 'CRU Space 0-1,000 sf' at the subject should be no higher than \$30 psf, "the assessed rental rate for 'CRU Space 1,001 – 2,500 sf' at the subject should be no higher than \$32 psf, and "the assessed rental rate for 'CRU Space 2,501 – 6,000 sf' should be no higher than \$32 psf".

**Complainant's Requested Value:** \$11,320,000 (Complaint Form)  
\$11,610,000 (Hearing)

**Board's Decision:**

[7] The 2013 assessment is confirmed at \$13,400,000.

**Legislative Authority, Requirements and Considerations:**

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000, 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).

MGA requires that:

- 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.

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that:

- 2 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.
- 4(1) The valuation standard for a parcel of land is
  - (a) market value, or
  - (b) if the parcel is used for farming operations, agricultural use value.

**Board's Decision in Respect of Each Matter or Issue:**

**Issue:** What is the market net rental rate to be applied for CRU Space 0 – 1,000 sf, in the Income Approach to value, to determine the market value for assessment purposes?

**Complainant's Position:**

- [8] The Complainant's Disclosure is labelled C-1.
- [9] The Complainant, at page 24, provided a table titled, 2013 CRU Rental Rate Analysis (CRU 0 to 1,000 sf.) The table contains details of 18 leases (all A2 quality) with start dates in the period February 1, 2010 to May 1, 2012. The lease rates range from \$23.00 to \$40.00 psf and the median lease rate is \$30.00 psf.
- [10] The Complainant requested the rate of \$30.00 psf be applied to the assessment.

**Respondent's Position:**

- [11] The Respondent, at page 15, provided the Assessment Request for Information (ARFI) for the subject, dated June 27, 2012. The Respondent noted the subject is achieving rental rates ranging from \$34.00 to \$38.00 psf for the CRU Space 0 – 1,000 sf.

[12] The Respondent, at page 29, provided a table titled, 2013 Commercial Retail Unit Leases. The table contains details of 4 leases (all A+ quality) with start dates in the period January 2, 2010 to January 4, 2012. The lease rates range from \$32.00 to \$40.00 psf and the median lease rate is \$33.50 psf. The Respondent noted the subject is assessed at the rate of \$35.00 psf.

**Board's Reasons for Decision:**

[13] The Board finds the Respondent's evidence more compelling. The Respondent's comparables all have the same quality rating as the subject (A+), while the Complainant's comparables all have a lower quality rating (A2). In addition, the leases in the subject support the assessment.

[14] The market net rental rate to be applied for CRU Space 0 – 1,000 sf is confirmed at \$35.00 psf.

**Issue:** What is the market net rental rate to be applied for CRU Space 1,001 – 2,500 sf, in the Income Approach to value, to determine the market value for assessment purposes?

**Complainant's Position:**

[15] The Complainant, at page 25, provided a table titled, 2013 CRU Rental Rate Analysis (CRU 1,001 – 2,500 sf). The table contains details of 29 leases (9, A+ quality and 20, A2 quality) with lease start dates ranging from January 1, 2010 to April 15, 2012. The lease rates range from \$19.00 to \$40.00 psf and the median lease rate is \$32.00 psf.

[16] The Complainant requested the rate of \$32.00 psf be applied to the assessment.

**Respondent's Position:**

[17] The Respondent, at page 30, provided a table titled, 2013 Commercial Retail Unit Leases. The table contains details of 9 leases (all A+ quality) with lease start dates in the period December 1, 2010 to March 15, 2012. The lease rates range from \$31.00 to \$36.00 psf and the median lease rate is \$35.00 psf. The Respondent noted the subject is assessed at the rate of \$34.00 psf.

**Board's Reasons for Decision:**

[18] The Board finds the Respondent's evidence more compelling. The Respondent's comparables all have the same quality rating as the subject (A+), while the majority of the Complainant's comparables have a lower quality rating (A2). The assessed rate of \$34.00 psf is supported by 13 leases in the subject with lease rates ranging from \$32.00 to \$38.00 psf.

[19] The market net rental rate to be applied for CRU Space 1,001 – 2,500 sf is confirmed at \$34.00 psf.

**Issue:** What is the market net rental rate to be applied for CRU Space 2,501 – 6,000 sf, in the Income Approach to value, to determine the market value for assessment purposes?

**Complainant's Position:**

[20] The Complainant, at page 23, provided a table titled 2013 CRU Rental Rate Analysis (CRU 2,501 – 6,000 sf). The table contains details of 9 leases (1, A+ quality and 8, A2 quality) with start dates in the period February 1, 2011 to April 1, 2012. The lease rates range from \$25.00 to \$41.00 psf and the median lease rate is \$31.80.

[21] The Complainant requested the rate of \$32.00 psf be applied to the assessment.

**Respondent's Position:**

[22] The Respondent, at page 31, provided a table titled, 2013 Commercial Retail Unit Leases. The table contains information on one lease (in the subject) that is common to both parties' evidence. The lease start date is October 1, 2011 and the lease rate is \$41.00 psf. The Respondent noted the subject is assessed at the rate of \$33.00 psf.

[23] The Respondent, at page 32, provided a table titled, Strip. The table identifies the assessed rates for each quality rating and CRU Space category for Strip centres in the SW. The Respondent noted the hierarchy of assessed rates for the A+ quality Strip centres (\$35.00, \$34.00 and \$33.00 psf) for the CRU Spaces 0 – 1,000 sf, 1,001 – 2,500 sf and 2,501 – 6,000 sf, respectively.

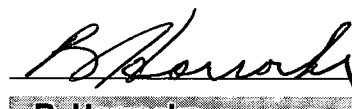
**Board's Reasons for Decision:**

[24] The Board finds the City's hierarchy of rates is fair and equitable. In addition, the rates being achieved by the subject, support the assessment.

[25] The market net rental rate to be applied for CRU Space 2,501 – 6,000 sf is confirmed at \$33.00 psf.

[26] The 2013 assessment is confirmed at \$13,400,000.

DATED AT THE CITY OF CALGARY THIS 22<sup>nd</sup> DAY OF November 2013.

  
B. Horrocks

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	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.*

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<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
Retail	Strip Plaza	Income Approach	Rental Rates