

## **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:**

***1115400 Alberta Ltd. (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

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

**before:**

***B. Horrocks, PRESIDING OFFICER***  
***P. McKenna, BOARD MEMBER***  
***A. Zindler, 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>085139897</b>
<b>LOCATION ADDRESS:</b>	<b>7337 SIERRA MORENA BV SW</b>
<b>FILE NUMBER:</b>	<b>72487</b>
<b>ASSESSMENT:</b>	<b>\$5,430,000</b>

This complaint was heard on the 7th day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6

Appeared on behalf of the Complainant:

- A. Izard (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 Complainant has visited the site, while the Respondent has not.
- [3] The parties have discussed the file.

**Preliminary Matter:**

[4] The Complainant, at page 10 (C-2), provided a copy of a letter to the City of Calgary Assessment Business Unit dated March 1, 2013. The letter was titled, Request for Additional Information pursuant to the Municipal Government Act, s.299.

[5] The Complainant, at pages 15 through 141 (C-2), provided a copy of a letter to the Altus Group dated March 26, 2013. The letter contains the "necessary information to show how the assessor prepared the assessment of this Property."

[6] The Complainant, at page 28 (R-1), submitted that the Respondent has included information on 5 leases in its evidence that were not provided in the s. 299 response letter. Those leases are highlighted in the white background.

[7] The Complainant, citing section 9(4) of Matters Relating to Assessment Complaints Regulation (MRAC), requested the board not hear any evidence with respect to those 5 leases. MRAC section 9(4) requires, "*A composite assessment review board must not hear any evidence from a municipality relating to any information that was requested by a complainant under section 299 or 300 of the Act but was not provided to the complainant.*"

[8] The Respondent submitted that all of the information contained on page 28(R-1) was properly disclosed.

[9] The Board recessed while the parties jointly reviewed the information provided by the municipality. The parties concluded that 3 leases on page 28(R-1), should not be considered because they were not properly disclosed. Those leases were: 3804 17 AV SW, 6450 OLD BANFF COACH RD SW, and 7337 SIERRA MORENA BV SW.

**Property Description:**

[10] The subject property is a 1.62 acre parcel located in the Signal Hill community in SW Calgary. The site is improved with a 14,378 square foot (sf) retail strip centre, commonly referred to as Sierra Square. The improvement was constructed in 1998 and is considered to be A2 quality. The subject is assessed using the Income Approach to value, with net operating income (NOI) capitalized at the rate of 6.75%.

**Issues:**

[11] 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 two outstanding issues, namely: "the area for CRU Space 1,001 – 2,500 sf should be 4,867 sf", and "the market net rental rate for CRU Space 1,001 – 2,500 sf should be reduced from \$29 psf to \$27 psf".

**Complainant's Requested Value:** \$4,500,000 (Complaint Form)  
\$5,050,000 (Hearing)  
\$5,120,000 (Alternate at Hearing)

**Board's Decision:**

[12] The 2013 assessment is reduced to \$5,120,000.

**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 area of CRU Space 1,001 – 2,500 sf?

**Board's Reasons for Decision:**

[13] The parties agreed that the total area for CRU Space 1,001 – 2,500 sf is 4,867 sf.

**Issue:** What is the market net rental rate to be applied to the CRU Space 1,000 – 2,500 sf in the Income Approach to value, to determine the market value, for assessment purposes? The subject is assessed with a rental rate of \$29.00 psf, while the Complainant is requesting a rate of \$27.00 psf.

**Complainant's Position:**

[14] The Complainant's Disclosure is labelled C-1.

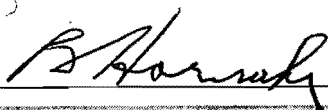
[15] The Complainant, at page 44, provided a table titled 2013 CRU Rental Rate Analysis (CRU1,001 – 2,500 sf), noting that if the 2 additional leases from page 28(R-1) were included in the analysis, the mean lease rate would be changed to \$28.27 psf and the median lease rate would remain at \$27.00 psf.

**Board's Reasons for Decision:**

[16] The parties agreed that a market net rental rate of \$28.00 psf was appropriate.

[17] Inserting the corrected area for CRU Space 1,001 – 2,500 sf and the agreed market net rental rate of \$28.00 psf, in the Income Approach to value, results in an assessed value of \$5,120,000.

DATED AT THE CITY OF CALGARY THIS 14 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.*

For Administrative Use Only

<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
Retail	Strip Plaza	Income Approach	Rental rates & Area