



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:

Mountain Development Corp. (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: 104144290

LOCATION ADDRESS: 12 Richard Way SW

FILE NUMBER: 72508

ASSESSMENT: \$13,420,000

This complaint was heard on 24 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*

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 retail shopping centre located in the Lincoln Park community of SW Calgary. The quality rating applied by the City is class "A2". The property consists of six buildings, all constructed in 2000. The total building area is 36,072 s.f. The land area is 1.25 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 1,000 to 2,501 s.f. category. The Respondent has utilized a rental rate of \$29.00 per s.f.. The Complainant argues that a rate of \$26.00 per s.f. is more appropriate.

Complainant's Requested Value:

- (4) \$12,850,000

Board's Decision:

- (5) The assessment is reduced to \$13,040,000.

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

Evidence

(10) The Board notes that the assessment has increased from \$11,670,000 in 2012, to \$13,420,000 in 2013, an increase of 15.0 per cent.

(11) In support of his request, the Complainant submitted a rent roll from the subject (C1, page 24 to 29). There are 13 leases in the size category in question. Six of the leases are dated 2009 or earlier. The average rent of the seven more recent contracts is \$27.28 per s.f. Six of the seven reflect rents between \$23.00 and \$27.00 per s.f.

(12) The Complainant also submitted a south west rental analysis containing 18 lease comparables, including eight leases from the subject (C1, page 31). The mean and median rent rate reflected is \$27.67 and \$26.50 per s.f.

(13) A rental rate analysis from the subject WS2 sub-market area contains 13 leases (C1, page 32). The rental range is from \$23.00 to \$40.00 per s.f the mean is \$28.15, and the median is \$27.00.

(14) The Complainant submitted a summary of the leases within the subject that were in the appropriate size category, and had taken place within the 30 month valuation period, or "window". These leases are the same as those referred to in paragraph 11 previous. However, the Board could not locate one of the leases contained in the Complainant's summary, which is a 1,922 s.f. space leased for \$26.00 per s.f.

(15) The Respondent submitted a 2013 Retail Unit Leases summary containing 21 leases(R1, page 14). All of the properties are in SW Calgary. All of the leases are dated 2010 or later. Unit sizes are within the 1,001 to 2,500 s.f. category. The mean of all the leases is \$28.90, and the median is \$28.00. The City's assessed rate is \$29.00 per s.f.

(16) In response to questions, the Respondent states that the reason the assessed rate is approximately \$1.00 higher than the amount indicated by the data is because of a software computer program.

(17) Within the City's lease summary, there are two leases on Macleod Trail, and three in Willow Park. Macleod Trail is one of the foremost commercial arteries in south Calgary. By reason of the location, these properties are not considered comparable to the subject. Similarly, the Willow Park properties are located in a highly regarded boutique type shopping centre, and is not considered comparable to the subject. On the other hand, the City's sample excluded one lease within the subject, at \$26.00 per s.f. By excluding the Willow Park and Macleod Trail

leases, and including the subject lease, the median rent is \$26.50 per s.f.

Board's Reasons for Decision:

(18) This Board will 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.

(19) In addition, the City's conclusion regarding the rent in the size category in question is contradictory to their own data. Based strictly on the Respondent's rent data without any further analysis, a conclusion of \$28.00 per s.f. would have a more logical conclusion.

(20) This Board accepts the median rent indicated after adjustments discussed in paragraph 17 preceeding, rounded to \$27.00 per s.f.

(21) The amended assessment calculates to \$13,048,619, truncated to \$13,040,000.

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



Jerry Zezulka

Presiding Officer

APPENDIX "A"

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

NO.	ITEM
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| 1. | C1Complainant 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 72508P/2013			Roll No. 104144290	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	retail	Market Value	Income Approach	Rental Rate