



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:

Ruth Singer Investments Ltd. (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:

ROLL NUMBER:	124146101
LOCATION ADDRESS:	9620 ELBOW DR SW
FILE NUMBER:	72519
ASSESSMENT:	\$3,960,000

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. Izard (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- R. Urban (City of Calgary)

Observers: G. Agugharan, G. Humphrey

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

- [1] There were no concerns with the board as constituted.
- [2] Both 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 1.46 acre parcel located in the Haysboro community in SW Calgary. The parcel is improved with a 18,136 square foot (sf) Retail Strip Shopping Centre, commonly referred to Haysboro Plaza. The improvement was constructed in 1959 and is classified as "C+" 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: "CRU Space under 1,000 sf should be assessed at \$18 psf, CRU Space 1,001 – 2,500 sf should be assessed at \$13 psf and CRU Space 2,501 – 6,000 sf should be assessed at \$13 psf."

Complainant's Requested Value: \$2,770,000 (Complaint Form)
\$3,240,000 (Hearing)
\$3,330,000 (Alternate at Hearing)

Board's Decision:

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 26, provided a table titled, 2013 CRU Rental Rate Analysis (CRU 0 – 1,000 sf). The table contains details of 3 leases (all C+ quality, all in WS2 Submarket Area) in the period December 30, 2011 to July 1, 2012. Two of the leases are in the subject property. The lease rates range from \$13.00 to \$22.00 psf and the median lease rate is \$18.00 psf. The Complainant requested the rate of \$18.00 psf to be applied in the assessment.

Respondent's Position:

[10] The Respondent's Disclosure is labelled R-1.

[11] The Respondent submitted that the assessments for Retail Strip Centres are prepared on a quadrant basis versus a Submarket Area basis. The Respondent, at page 12, provided a table titled, 2013 Commercial Retail Unit Leases. The table contains details of 6 leases (all in the SW quadrant) in the period December 30, 2011 to July 1, 2012. The lease rental rates range from \$13.00 to \$23.00 psf and the median lease rate is \$20.00 psf. The Respondent noted that the subject is assessed at the rate of \$19.00 psf.

Complainant's Rebuttal Position:

[12] The Complainant's Rebuttal Disclosure is labelled C-2.

[13] The Complainant, at page 10, stratified the Respondent's 6 comparables by Market Area, to demonstrate that the leases on Macleod Trail (MT2) have a median lease rate of \$23.00 psf while the leases from WS2 have a median lease rate of \$18.00 psf, a difference of \$5.00 psf. The Complainant submitted that the spaces on Macleod Trail do not act similar to the subject property, in the market place.

Board's Reasons for Decision:

[14] The Board finds that 2 of the Complainant's 3 comparables are from the subject property. The remaining comparable lease is at the rate of \$22.00 psf, which does not support the request for a rate of \$18.00 psf to be applied in the assessment.

[15] The market net rental rate to be applied to the CRU Space 0 – 1,000 sf, is confirmed at \$19.00 psf.

Issue: What is the market net rental rate to be applied for CRU Space 1001 – 2,500 sf, in the Income Approach to value, to determine the market value for assessment purposes?

Complainant's Position:

[16] The Complainant, at page 27, provided a table titled, 2013 CRU Rental Rate Analysis (CRU 1,001 – 2,500 sf). The table contains details of 7 leases (all C+ quality, all WS2 Submarket Area) in the period June 1, 2010 to June 1, 2012. The lease rates range from \$8.00 to \$22.00 psf, and the median lease rate is \$13.00 psf. The Complainant requested the rate of \$13.00 psf be applied in the assessment.

Respondent's Position:

[17] The Respondent, at page 13, provided a table titled, 2013 Commercial Retail Unit Leases. The table contains details of 13 leases (all SW quadrant) in the period March 1, 2010 to June 1, 2012. The lease rates range from \$8.00 to \$30.00 psf and the median lease rate is \$17.00 psf. The Respondent noted the subject is assessed at the rate of \$17.00 psf.

Complainant's Rebuttal Position:

[18] The Complainant, at page 11(C-2), stratified the Respondent's 13 comparables by Market Area, to demonstrate that the leases on Macleod Trail (MT2) plus the leases in Submarkets WS1 and WS3, have a median lease rate of \$20.65 psf while the leases from WS2 have a median lease rate of \$13.00 psf, a difference of \$7.65 psf. The Complainant submitted that the spaces on Macleod Trail and Submarkets WS1 and WS3, do not act similar to the subject property, in the market place

Board's Reasons for Decision:

[19] The Board finds that Palliser Drive SW is not comparable to Elbow Drive SW. If the Complainant's lease comparables from Palliser Drive are removed, the remaining 3 comparables have lease rates of \$14.00, \$18.00 and \$22.00 psf which don't support the requested lease rate of \$13.00 psf.

[20] The market net rental rate to be applied to the CRU Space 1,001 – 2,500 sf, is confirmed at \$17.00 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:

[21] The Complainant, at page 28, provided a table titled, 2013 CRU Rental Rate Analysis (CRU 2,501 – 6,000 sf). The table contains details of 4 leases (all C+ quality, all WS2 Submarket Area) in the period February 1, 2010, to November 1, 2011. The lease rates range from \$10.00 to \$17.00 psf, and the median lease rate is \$13.00 psf. The Complainant requested the rate of \$13.00 psf be applied in the assessment.

Respondent's Position:

[22] The Respondent, at page 14, provided a table titled, 2013 Commercial Retail Unit Leases. The table contains details of 6 leases (all SW quadrant) in the period February 1, 2010 to January 10, 2012. The lease rates range from \$10.00 to \$23.00 psf and the median lease rate is \$15.00 psf. The Respondent noted the subject is assessed at the rate of \$16.00 psf.

Complainant's Rebuttal Position:

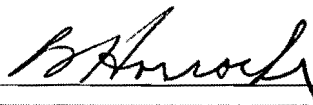
[23] The Complainant, at page 12(C-2), stratified the Respondent's 6 comparables by Market Area, to demonstrate that the leases in Submarkets WS1 and WS3, have a median lease rate of \$21.50 psf while the leases from WS2 have a median lease rate of \$13.00 psf, a difference of \$8.50 psf. The Complainant submitted that the spaces in Submarkets WS1 and WS3, do not act similar to the subject property, in the market place.

Board's Reasons for Decision:

[24] The Board finds that Palliser Drive SW is not a comparable location to Elbow Drive SW. If the Complainant's lease comparable on Palliser Drive and the Complainant's two lease comparables in the subject property are removed, the remaining lease comparable on Richmond Road SW at the rate of \$17.00 psf does not support the requested rate of \$13.00 psf.

[25] The market net rental rate to be applied to the CRU Space 2,501 – 6,000 sf, is confirmed at \$17.00 psf.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF November 2013.



B. Horrocks

Presiding Officer

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

NO.	ITEM
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

Property Type	Property Sub-Type	Issue	Sub-Issue
Retail	Strip Plaza	Income Approach	Rental Rates