



## **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:

***Millrise Deer Valley LP Investment 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: 157227109**

**LOCATION ADDRESS: 15 Millrise Boulevard SW.**

**FILE NUMBER: 72530**

**ASSESSMENT: \$4,590,000**

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:

- G. Jones

**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 Millrise Plaza, a 13,456 s.f., single storey strip shopping centre located in the Midnapore community of SW Calgary. The complex is comprised of two buildings, a Shell gas station, and a centre containing nine rental units. The quality rating applied by the City is class "B+". The building was built in 1989.

**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 rents in two of the CRU categories. In the 0 to 1,000 s.f. category, the City has applied a typical rent of \$24.00 per s.f. The Complainant argues that \$22.50 per s.f. is more appropriate. In the 1,001 to 2,500 s.f. bracket, the Complainant requests a rent of \$22.00, rather than the \$23.00 rate currently being applied.

**Complainant's Requested Value:**

- (4) \$4,450,000

**Board's Decision:**

- (5) The assessment is confirmed.

**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 \$4,180,000 in 2012, to \$4,590,000 in 2013, an increase of 9.8 per cent.

(11) The Board also notes that the requested assessment represents a decrease of no more than 3.0 per cent from the existing assessment.

(12) In support of his request, the Complainant submitted two sets of rent comparables (C1, pages 26 and 27).

(13) In the 0 to 1,000 s.f. category, the survey contained 10 comparables from five properties. The overall rent range is from \$18.00 to \$32.00 per s.f. The mean is \$23.70, and the median is \$22.50.

(14) In the 1,001 to 2,500 s.f. bracket, the sampling contains 13 leases from five different properties. One of the leases is from the subject. The mean and median reflected by the data is \$22.73 and \$22.00 per s.f.

(15) The Respondent submitted the Assessment Request for Information (ARFI) (R1, pages 10 and 11) for the subject that reflects rents ranging from \$18.00 to \$25.00 per s.f.

(16) The Respondent also submitted 11 comparables leases in the 0 to 1,000 s.f. category. The median rent is \$23.00. The average is \$24.96 per s.f.

(17) In the 1,001 to 2,500 s.f. bracket, the Respondent submitted 14 leases that reflect a median rent of \$23.00 and an average of \$23.05 per s.f. One lease within the subject property reflects a rent of \$24.15 per s.f. The lease date is July 1, 2011.

(18) The Respondent states that SW and SE Calgary are essentially the same for rental purposes, as long as the geographic area is similar. The Board agrees. However, one of the comparables in the 0 to 1,000 s.f. category is located on Memorial Drive. Notwithstanding the SE Calgary address, the location is essentially in the NE quadrant of the City. The Board places little weight on this comparable.

#### **Board's Reasons for Decision:**

(19) In the 0 to 1,000 s.f. space category, median rent of all of the data submitted by both parties is \$23.00. The Respondent uses a typical rent of \$24.00 which appears to contradict their own data. The explanation offered by the Respondent is that the \$24.00 rate is the product of a computer program. The Respondent could offer no insight into the workings of the program,

nor was the Respondent aware of any quality checks to ensure that the program's results were reasonable. This Board cannot accept the results of an anonymous software program that has no verification or back-up.

(20) The Board accepts the \$23.00 per s.f. median rent for the 0 to 1,000 s.f. space category.

(21) In the 1,001 to 2,500 s.f. bracket, all of the comparables submitted except for one are common to both parties. The median of the Respondent's data is \$23.00 per s.f.. The median of the Complainant's data is \$23.00. The typical rate used by the Respondent is \$23.00.

(22) In the larger size bracket, the evidence submitted by the Complainant was not sufficient to prompt the Board to consider a change.

(23) During the course of the hearing, the Respondent cautioned the Board that if the Board changed the rent in the income approach, it would result in a "domino effect" that would necessitate changing the other inputs such as the capitalization rate. That observation is categorically wrong, and demonstrates a lack of understanding of one of the fundamental approaches to value used in the assessment process.

(17) Adopting the lower rent in the smaller size category, and leaving the other inputs unchanged produces an amended assessment of \$4,564,803, which is less than one per cent of the original assessment.

(18) One per cent is well within the typical margin of error in any valuation assignment. For that reason, this Board will not tamper with the existing assessment.

(22) The assessment is confirmed.

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



**Jerry Zezulka**  
**Presiding Officer**

## APPENDIX “A”

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

NO.	ITEM
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 72530P/2013			Roll No. 157227109	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	retail	Market Value	Income Approach	Rental Rate