

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:

Bowness Commercial Developments Ltd. (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: 040022709

LOCATION ADDRESS: 50, 7930 - Bowness Road NW

FILE NUMBER: 72812

ASSESSMENT: \$1,020,000

This complaint was heard on 15 day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *D. Hamilton*

Appeared on behalf of the Respondent:

- *T. Johnson*

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 4,976 s.f., single storey strip shopping centre located in the Bowness district in northwest Calgary. The quality rating applied by the City is class "C". The building was built in 1960.

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. The Respondent has utilized a rental rate of \$16.00 per s.f. for CRU space in the 1,001 to 2,500 s.f. category, and \$14.00 per s.f. for space in the 2,501 to 6,000 s.f. category. The Complainant argues that the property is unique enough to justify the use of actual rents in the income capitalization process.

Complainant's Requested Value:

- (4) \$520,000

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 (MRAC), 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 \$800,500 in 2012, to \$1,020,000 in 2013, an increase of 27 per cent.

(11) The Complainant argued that the subject property is unique because it has no exclusive parking available. Parking is by way of street front or public parking. He also argues that the property was old and in need of renovations. As a result of these two aspects, he argues that the typical rents used by the City for the assessment of class "C" shopping centres are not appropriate for the subject property.

(12) The Assessment request for Information Form (ARFI), submitted to the City by the property owner showed gross rents for two tenants within the subject at \$12.35 and \$10.49 per s.f.. The ARFI also showed one vacant space of 1,216 s.f.

(13) The Complainant also argued that, as a result of the subject's unique situation, actual expenses should be used in the valuation process. Based on information submitted by the owner, the Complainant estimated operating costs at \$3.25 per s.f.. Other than the hand written notes on the ARFI form, the Complainant offered no supporting evidence to substantiate the expense amounts.

(14) In his income calculations, the Complainant deducted the \$3.25 per s.f. operating costs from the actual rents to arrive at a median net rent of \$8.17 per s.f., which the Complainant adopted in the income calculations.

(15) The Respondent argued that the subject is not unique, because there is ample parking available in a public lot across the street.

(16) The Respondent also pointed out that the ARFI submitted by the property owner did not contain any operating costs. These were supplied to the Complainant at a later date. In the opinion of the Board, nothing turns on that fact.

(17) In support of the typical rents used in the assessment, the Respondent presented seven lease comparables for CRU space in the 1,001 to 2,500 s.f. category. The comparables are from four different properties. Rents range from \$14.12 to \$18.00 per s.f. The mean and median are \$15.66 and \$15.00 per s.f. The City adopted \$16.00. The explanation offered for using a rent higher than the mean or median indicated by the data did not satisfy the Board, but went unchallenged by the Complainant.

(18) One rent comparable for space in the 2,501 to 6,000 s.f. category was presented, at \$14.00 per s.f., which is the rate adopted by the City.

Board's Reasons for Decision:

(19) The subject has public parking available in a parking lot across the street. The roadway is an interior artery that carries primarily local traffic. This situation is not unlike the parking arrangement for the majority of modern retail power centres throughout the City. In this respect, the Complainant's argument fails.

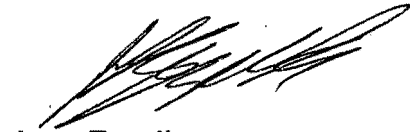
(20) There was some evidence presented that would suggest that the subject's owners do not expend significant effort in leasing the subject premises. No evidence was presented to suggest that the subject could not be leased at the typical rates used by the City for similar retail shopping centres.

(21) During the assessment complaint process, up to and including the hearing, every opportunity is provided to both parties to present evidence and arguments in support of their positions. The ultimate burden of proof or onus, however, rests on the Complainant, at an Assessment Review Board hearing, to convince the Board that their arguments, facts and evidence are more credible than that of the Respondent.

(22) In the opinion of this Board, the Complainant's evidence was not sufficient to convince this Board that the subject is unique enough to deviate away from the typical rents and expenses used by the City in the mass appraisal model.

(23) The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 30th DAY OF October 2013.



Jerry Zezulka
Presiding Officer

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

Decision No. CARB 72812P/2013			Roll No. 040022709	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	retail	Market Value	Income Approach	Rental Rate