



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:

1089632 Alberta LTD. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Golden, PRESIDING OFFICER
R. Deschaine BOARD MEMBER
D. Julien 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: 200400331

LOCATION ADDRESS: 90 Cranleigh Dr SE

FILE NUMBER: 72999

ASSESSMENT: \$4,120,000

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 1.

Appeared on behalf of the Complainant:

- *K. Fong, D. Main*

Appeared on behalf of the Respondent:

- *I. Pau, C Yee*

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

[1] There were no procedural issues.

Property Description:

[2] The subject parcel is a strip mall containing 9,413 square feet (sq. ft.) on a 1 acre parcel. The A+ quality structure built in 2004. An assessment was prepared using the Income Approach to valuation. Except for the commercial retail unit (CRU) rental rates the other inputs to the calculation are not in dispute.

Issues:

Issue 1: Has the correct rental rate for the following categories of commercial retail units (CRU) been applied in a uniform manner

- 0 to 1000 sq. ft.,
- 1001 to 2500 sq. ft.
- and finally the 2501 to 6000 sq. ft

[3] **Complainant's Requested Value: \$3,440,000**

[4] **Board's Decision:** The assessment is confirmed at **\$4,120,000**

[5] **The Boards decision on issue 1:** In the CRU categories of; 0 to 1000 sq. ft., 1001 to 2500 sq. ft. and the 2501 to 6000 sq. ft. rental rates that have been applied are correct.

[6] **Position of the Parties**

[7] **Complainant's Position:**

[8] With each of the tables of leases submitted in support of the various rental rate requests the Complainant used leases from strip malls in closer proximity and more similar than the Respondent. These leases were much more representative of the subject.

[9] The Complainant's position is that the CRU size 0 to 1000 sq. ft. should have a rental rate of \$28.00 per sq. ft. rather than the assessed \$35.00 per sq. ft., CRU areas of 1001 to 2500 sq. ft. should have a rental rate of \$28.50 rather than the assessed \$33.00 per sq. ft. and CRU areas 2501 to 6000 sq. ft. should have a rental rate of \$27.00 per sq. ft. rather than the assessed \$32.00 per sq. ft.

[10] With respect to the 0 to 1000 sq. ft. area the Complainant presented a table of 5 leases (pg. 41 C-1) from strip malls in relatively close proximity to the subject. The table shows a mean \$29.50 per sq. ft. and median of \$28.00 per sq. ft. demonstrating the subject is over assessed and supports the request.

[11] In the CRU category 1001 to 2500 sq. ft. a table of 17 leases (pg. 40 C-1) was provided to the Board. The data had a mean of \$28.92 per sq. ft. and median of \$28.50 per sq. ft. supporting the requested assessment.

[12] CRU area category 2501 to 6000 sq. ft. a table of 4 leases (pg. 39) demonstrates a mean of \$27.63 per sq. ft. and a median \$27.25 per sq. ft. supporting the requested rental rate.

[13] These rental rates are used in the income recalculation on pg. 17, pg 83 and result in the requested assessment.

Respondent Position

[14] In the rent rate discussion, the Respondent chose to respond to the evidence provided by the Complainant rather than defending the assessment with all the information that was part of the development of the assessment. With respect to the CRU rental rates 0 to 1000 sq. ft. The Respondent pointed out that none of the leases presented to the Board were the same quality classification as the subject. The subject is an A+ strip mall and leases the Complainants submitted are A2 malls and not comparable. The Respondent also referred to an equity table (R-1 pg 59) with three comparables demonstrating that the assessment is equitable.

[15] For the CRU areas 1001 to 2500 sq. ft. only two of the Complainants comparables are A+ malls and they have rent rates of \$35.00 per sq. ft. and \$30.00 per sq. ft. For this category the Respondent provided A+ mall leases (pg. 57 of R-1) that demonstrate a rental rate range between 29.00 per sq. ft. and \$35.00 per sq. ft. and median of \$32.50.

[16] As with the first set of comparables there are no A+ malls reflected in the CRU category 2501 to 6000 sq. ft. The Respondent provided 2 equity comparables both at \$32.00 per sq. ft.

[17] The Respondent informed the Board that the property sold for \$3,925,000 on 21st of

October 2011. It appears that the property was not listed on the open market however allows an opportunity to test the Complainant's requested assessment. The requested assessment is \$3,440,000 which is \$485,000 less than the sale price. Also, if the requested assessment is used in determining an ASR test the result is .88 well below the acceptable range (.95 to 1.05).

[18] **Board's Reasons for Decision on issue 1:**

[19] The Board examined each of the CRU categories separately however found in general that the Complainant had weak evidence mostly because of comparable leases that were not in the same quality classification as the subject. The Board had weak evidence that an A2 class strip mall was comparable to other A+ malls in the quadrant. The Complainant's comparables were not comparable to the subject.

[20] With respect to the CRU rental rates 0 to 1000 sq. ft. the Board agrees with the Respondent that the Complainant's leases are of a lesser quality classification of mall. Therefore the lease rates are expected to be less.

[21] The CRU category 1001 to 2500 sq. ft. the Board finds the Complainant's 15 of 17 comparables are A2 malls. The two A+ class mall leases remaining are older but are at \$35.00 per sq. ft. and \$30.00 per sq. ft. supporting the rental rate.

[22] The CRU category is 2501 to 6000 sq. ft., the Complainants comparables are again A2 class malls and therefore not comparable to the subject

[23] The ASR provided evidence that the requested assessment was far below the acceptable range.

DATED AT THE CITY OF CALGARY THIS 28th DAY OF November 2013.



Tom Golden

Presiding Officer

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

NO.	ITEM
1. C1	Complainant 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.*

Roll	Address	Subject	Issue	Detail	Sub Detail
200400331	90 Cranliegh Dr. SE	Strip mall	income	Rental rate	