



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

W.W.K. Holdings Ltd.
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
M. Bruton, 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 2014 Assessment Roll as follows:

ROLL NUMBER: 072047905

LOCATION ADDRESS: 4314 17 Ave SE

FILE NUMBER: 74640

ASSESSMENT: \$702,000

This complaint was heard on July 7, 2014 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:

- *K. Fong, Altus Group*

Appeared on behalf of the Respondent:

- *B. Galle, City of Calgary Assessor*

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

- [1] There were no procedural or jurisdictional matters.

Property Description:

- [2] The subject property is a 2,614 square foot (sf) "C" class quick service automotive repair centre (Minit Lube) in Forest Lawn. It has been assessed as Automotive Quick Service, using the Income approach.

Issues:

- [3] Should the Rent rate for this property be reduced from \$29.00/sf to \$15.00/sf?

Complainant's Requested Value: \$356,500

Board's Decision:

- [4] The Board reduced the property assessment to \$356,500 using a \$15 Rent rate, 6.50% Capitalization (Cap) rate and an 8.00% Vacancy rate.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act 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).

For the purposes of this hearing, the CARB will consider the Act Section 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) is the regulation referred to in the Act Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

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.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or

if the parcel is used for farming operations, agricultural use value

Position of the Parties

Complainant's Position:

[5] The Complainant, Altus, argued that the subject property should be assessed at a Rent rate of \$15.00/sf rather than \$29.00/sf. To support this argument Altus presented a 2014 Forest Lawn Automotive Lease Summary which included six leases of automotive properties which were signed from May 31, 2011 to February 1, 2013 (C1, p28). The median Lease rate was \$15.05/sf. The study was accompanied by assessment documents for the individual properties used in it.

[6] The Complainant also presented Assessment Requests for Information (ARFIs) which showed that the subject property received \$15.25/sf rent in 2012 and \$16.61 in 2013 (C1, p22).

[7] The Complainant argued that an Automotive Mechanical Repair shop is similar to an Automotive Quick Service shop in its physical components, so the leases for both should be included in an analysis. The Complainant further argued that Quick Service shops should be classified to recognize their locations and ages and that the Forest Lawn Quick Service properties attract lower rents than some properties in other areas.

[8] Finally, the Complainant presented a Rebuttal document in response to the City of Calgary 2014 Citywide Analysis – Automotive Quick Service (C2, p2). The Rebuttal included documents to show the ages and classifications of the five Quick Service properties in the Lease rate study. One property (12300 Symons Valley Rd NW) had been built in 2011 and showed a lease commencement date of December 22, 2011 at a rate of \$42.00/sf. The bottom of the range included two properties on 17 Av SE which were also included in the Complainant's study. These properties were completed in 1981 and 1992 and showed leases of \$23.00/sf and \$19.72/sf. The Complainant argued that the City was comparing unlike properties, resulting in inequitable assessments.

Respondent's Position:

[9] The Respondent, City of Calgary, argued that Quick Service is different from Automotive Repair in the construction of the buildings with appropriate drains for the automotive fluids being changed, the arrangement of the improvement to provide adequate access and egress, and the higher leases that they commanded.

[10] Documentation was provided to show that all Quick Service centres are assessed at the same rates, and the assessments are therefore equitable (R1, p24 to 28). ARFIs showing that the subject property was leased at \$16.61 for a period of 17 years beginning 2001 were also included (R1, p12).

[11] The Respondent argued that there are not enough Quick Service centre new leases to classify these properties by region or by quality, therefore all the available leases were included in one study.

Board's Reasons for Decision:

[12] The Board considered the 2014 – Citywide Analysis – Automotive Quick Service (R1, p21). The analysis includes five leases. Four of these leases are from 2011 and one is from 2013. The Board observed that one of the leases was for an "A" class property on Symons Valley Rd NW completed in 2011, at a rate of \$42.00/sf. This rate is \$12.00/sf higher than the next highest lease rate, whereas the lowest rate (\$19.72/sf) is less than \$3.50/sf below the next lowest rate. The Board decided that the Symons Valley Road property did not fit with the other properties in the Citywide Analysis. It has a higher classification at "A" as compared to the "C" and "B" classes of the remaining properties and attracts a significantly higher rent than the remaining properties on the list.

[13] Two properties in the analysis were also on the Complainant's analysis and in the Forest Lawn area. These two properties leased at \$23.00/sf and \$19.72/sf. The \$19.72/sf lease was also the most recent, having been signed on February 1, 2013.

[14] The Board decided that the two Forest Lawn leases were most representative of the market in the Forest Lawn area and also supported the requested Rent rate of \$15.00/sf more closely than they represented the assessed Rent rate of \$29.00/sf.

[15] For this reason, the Board reduced the assessment to \$356,500 using a Rent rate of \$15.00/sf and a Capitalization rate of 6.50%.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2014.


L. Yakimchuk

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	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 office use only:

A	B	C	D	E
CARB	Retail	Stand Alone Automotive	Income approach	Rent rate
