

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 MGA).

between

786458 Alberta Inc.
(as represented by Assessment Advisory Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
D. Steele, BOARD MEMBER
A. Zindler, 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: 115069007

LOCATION ADDRESS: 2860 Glenmore Tr SE

FILE NUMBER: 74875

ASSESSMENT: \$8,420,000

This complaint was heard on July 21, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *S. Cobb, Assessment Advisory Group (AAG)*

Appeared on behalf of the Respondent:

- *R. Farkas, City of Calgary Assessor*

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

[1] There were no procedural or jurisdictional matters. Neither party had any objections to any of the CARB panel members.

Property Description:

[2] The subject property is assessed as a 10,560 square foot (sf) and a 46,192 sf improvement comprising a "C+" quality strip retail shopping centre built in 1977 in the Ogden community. It has been assessed using the Income approach.

Issues:

[3] Should the Capitalization (Cap) rate for this property be increased from 6.25% to 6.50%?

Complainant's Requested Value: \$8,010,000

Board's Decision:

The Board confirms the assessment at \$8,420,000

Legislative Authority, Requirements and Considerations:

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

For the purposes of this hearing, the CARB will consider MGA 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 MGA 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:

[4] The Complainant, AAG, on behalf of 786458 Alberta Inc., argued that the subject property is incorrectly assessed because it has low traffic flow past it, compared to similar properties in the area. To support this argument, the Complainant presented the City of Calgary 2012 Average Daily (24 hr) traffic flow map (C1 p36). The map showed 39,000 to 46,000 vehicles went past the subject on Glenmore Tr each day. The Complainant divided that number by two as there is access from one direction to the subject.

[5] The Complainant also argued that the visibility of this strip mall from either Glenmore Trail or Ogden Road was obscured by neighbouring buildings because it is tucked in behind the Glenmore Inn and Convention Centre and an office building.

[6] AAG presented an Equity and Sales Comparison which included retail strips and retail shopping centres from various areas in the City of Calgary. The assessed Cap rate for the retail strips was 6.25%, and for the retail shopping centres was 6.75%. (C1 p12)

Respondent's Position:

[7] The Respondent, the City of Calgary Assessor, presented the 2014 Strip Centre Capitalization Rate Study. The median Cap rate was 6.21% and the assessed Cap rate was 6.25% for strip malls in all quadrants. (R1 p18) The Respondent also included the 2014 Neighbourhood/Community Capitalization Rate Analysis which showed Neighbourhood Shopping Centres were assessed at a typical Cap rate of 6.75%. (R1 p20)

[8] The Respondent argued that the comparable properties presented by the Complainant included strip malls and neighbourhood shopping centres, and one freestanding retail centre.

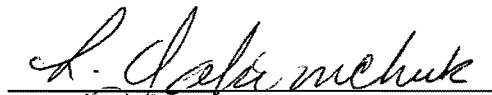
The strip malls were all assessed at 6.25%, like the subject strip mall. The Respondent argued that this supported the City assessment.

Board's Reasons for Decision:

[9] The Board considered the Equity and Sales Comparison and concluded that it supported the current assessment for the property. The Board also reviewed the City of Calgary 2012 Average Daily (24 hr) traffic flow map and could not find sufficient evidence to support a reduction in Cap rate in the numbers presented. There was also no market evidence to show that the location of the subject was affected more than the "C+" classification already allowed.

[10] The Board accepted the studies of similar properties presented by the City of Calgary and confirmed the assessment at \$8,420,000 using a 6.25% Cap rate.

DATED AT THE CITY OF CALGARY THIS 7th 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

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	Strip Mall	Income approach	Cap
