

## **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:**

***Gerry Strongman Holdings Ltd. (as represented by Assessment Advisory Group),  
COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***K. Thompson,  
J. Massey,  
A. Wong,***

***PRESIDING OFFICER  
BOARD MEMBER  
BOARD MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board (the 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: 175503648**

**LOCATION ADDRESS: 250 Crowfoot Cr NW**

**FILE NUMBER: 75806**

**ASSESSMENT:                      \$4,970,000**

This complaint was heard on the 28th day of July, 2014 at the office of the Assessment Review Board located at Floor Number 3 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- S. Cobb                                      *Agent, Assessment Advisory Group*

Appeared on behalf of the Respondent:

- J. Villeneuve-Cloutier                      *Assessor, City of Calgary*

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

[1] No procedural or jurisdictional issues were brought forward. The Board continued with the merits of the complaint.

**Property Description:**

[2] The subject property is located at 250 Crowfoot Cr. NW and is part of the larger Crowfoot Power Centre in the Arbour Lake district. The property is a four unit, 8,141 square feet (sf) retail building built in 1990 with 0.57 acres of land. This property has been classed as B retail-shopping power centre.

[3] The subject property is assessed using the income method of valuation and has a capitalization rate of 6.00% and rental rates of:

- |                       |                               |
|-----------------------|-------------------------------|
| 1) CRU 0-1,000 sf     | \$39.00 per square foot (psf) |
| 2) CRU 1,001-2,500 sf | \$40.00 psf                   |
| 3) CRU 2,501-6,000sf  | \$38.00 psf                   |

**Issues:**

[4] The value of the property would better reflect market if it were based on rental rates of:

- |                       |             |
|-----------------------|-------------|
| 1) CRU 0-1,000 sf     | \$32.00 psf |
| 2) CRU 1,001-2,500 sf | \$30.00 psf |
| 3) CRU 2,501-6,000sf  | \$29.00 psf |

**Complainant's Requested Value: \$3,790,000**

**Board's Decision:**

[5] The assessment is confirmed at \$4,970,000

**Legislative Authority, Requirements and Considerations:**

[6] Section 460.1(2) of the Act provides that, 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).

**Position of the Parties**

**Complainant's Position:**

[7] The Complainant stated that the 2014 assessed rates for the CRU's in the size range of 0-1,000 sf, 1,001 – 2,500 sf and 2,501-6,000 sf are excessive and the most recent leases from the subject property show that this property is overvalued. The Complainant submitted the 2014 subject property's rent roll [C1, pp. 48-54].

[8] The Complainant explained that the subject property suffers from poor visibility, and while it has access to Crowfoot Cr, it does not front onto it. The subject building sits behind the adjacent structure, at 240 Crowfoot Cr NW, and backs onto John Laurie Bv NW. Subject property photos were submitted to show the property's locations. The Complainant also submitted the adjacent property's rent roll to illustrate that this property was able to garner better rent than the subject. The adjacent parcel had 4,658 sf leased for \$29.00 psf based on a 2010 lease and is a single unit property.

[9] The Complainant argued that the subject property is unlike the properties across Crowfoot Cr, located in the central area of the Crowfoot Power Centre. This property is on the outer edge of the Power Centre and is not afforded the same benefits as properties in the central core of the Power Centre. The Complainant stated that this factor should be taken into account when placing a value on the subject property. The Complainant noted that the subject property more typically reflected the properties in the Beacon Hill Power Centre.

[10] A chart of six equity comparables along with the subject and the adjacent property's leases were presented. This included documentation and a map [C1, pp 12- 44]. A traffic map was also entered into evidence to show traffic volumes on the major roads around the subject [C1, p. 15].

[11] The Complainant submitted the 2013 CARB decision for the Board's consideration.

**Respondent's Position:**

[12] The Respondent stated that a mass appraisal approach is required in determining the

market value for assessment purposes. This relies on typical rates, developed from all the leases of similar properties, in order to treat similar properties in an equitable manner. The Respondent also explained that each Power Centre in the City is analyzed separately as each centre tends to trade in different markets. The Respondent submitted the lease rate study for the Crowfoot Power Centre [R1, pp. 25-29]. A map with the lease locations was also included [R1, p. 20].

[13] The subject property's February 2013 rent roll was submitted. The Respondent stated that this was the rent roll used in the 2014 lease study. This rent roll showed two leases signed in 2009, one in 2010 and one in 2012. The 2012 lease is part of the Respondent's 2014 lease analysis for the CRU space of 2,501-6,000 sf.

[14] The Respondent presented the 2014 Crowfoot Power Centre lease analyses for the three different CRU groupings that were of concern to the Complainant.

- 1) The CRU 0-1,000 sf leases ranged from \$21.00 psf - \$50.00 psf
- 2) The CRU 1,001-2,500 sf leases ranged from \$26.00 psf-\$47.00 psf.
- 3) The CRU 2,501-6,000sf leases ranged from \$22.00 psf-\$43.00 psf.

[15] The Respondent commented that the subject's 2012 lease was for \$25.00 psf for 4,454 sf and is well within the range of leases for that size range. The Respondent also noted that the 2010 lease for \$28.00 psf for a 1,015 sf space was also within the range of leases for that size range.

[16] The Respondent also commented that the most current leases in all three size ranges of these CRU's have shown an increase in the market. The more current leases more than support the Respondents lease rates.

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

[17] The Board will limit its comments to the relevant facts pertaining to this case.

[18] Both the Complainant and the Respondent used the income approach to value this property and the only issue was the rental rate of the three different size ranges for the CRU spaces. The Board reviewed the evidence provided by both parties and in particular, consideration was given to the rent roll information, the lease analysis and the equity comparables from both parties.

[19] In review of the Respondent's 2014 Crowfoot Power Centre lease study the Board finds that it was extensive and the leases confirmed the CRU rental rates used in the 2014 valuation of this property. The subject property has one current lease; which was well within the range of leases analysed for its size grouping. This lease did not appear to be an outlier. The Board noted that even the subject property's 2010 lease was within the range of that analysis group's leases and that the more current leases in the Respondent analysis did show an upward trend in lease value. The Board found insufficient leasing evidence from the Complainant to consider altering the assessed value.

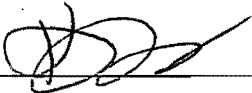
[20] The comparables provided by the Complainant were from other Power Centres in the NW quadrant. The Respondent explained each Power Centre was analysed separately (as each Power Centre is its own market). The Board received no lease information from any of the

comparable Power Centres to prove or disprove their similarity to the subject property.

[21] The results from the Respondent's analysis satisfied the Board that market value and equity were attained. The Board notes that while it is not bound by previous Board Orders, it did consider those that were submitted (for general principles); this decision is based on the evidence before this Board.

[22] The Board finds insufficient evidence to alter the rental rates applied to this property. The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 27<sup>th</sup> DAY OF August 2014.



**K. Thompson**

**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
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.*

Property Type	Property Sub-Type	Issue	Sub issue
retail	Stand alone	Income Approach	CRU rental rates