



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:

**525464 Alberta Ltd. (as represented by Assessment Advisory Group),
COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

K. Thompson,	PRESIDING OFFICER
J. Massey,	BOARD MEMBER
A. Wong,	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:	076001254
LOCATION ADDRESS:	1919 31 St SE
FILE NUMBER:	75930
ASSESSMENT:	\$6,590,000

This complaint was heard on the 29th 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 a retail strip shopping centre and is located at 1919 31 St SE in the community of Southview, and the submarket area IA2. This property is assessed as 28,168 square feet (sf) of a 1967 Class B- Building and 3,600 sf of a 1970 Class C building on 2.24 acres zoned as Direct Control (DC).

[3] The subject property is assessed using the income method of valuation with a capitalization rate of 6.25% with rental rates of:

- | | |
|----------------------------|-------------------------------|
| 1) CRU 0-1,000sf | \$19.00 per square foot (psf) |
| 2) CRU 1,001-2,500sf | \$16.00 psf |
| 3) CRU 2501-6,000sf | \$15.00 psf |
| 4) CRU 6,001-14,000sf | \$14.00 psf |
| 5) Pad restaurant 3,600 sf | \$17.00 psf |

Issues:

[4] The value of the property would better reflect market if the capitalization rate was 6.75% and rental rates for CRU 0-1,000 sf were at \$14.00 psf and CRU's between 1,001-2,500 sf were at \$15.00 psf.

Complainant's Requested Value: \$6,030,000

Board's Decision:

[5] The assessment is confirmed at \$6,590,000.

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 contends that the subject property's assessment is incorrect with respect to market value and equity, and is not consistent with other similar sale and equity comparables.

[8] The Complainant provided a chart and maps which included sales and equity comparables [C1, pp. 14-17] to illustrate the value of the subject was excessive. The capitalization rates for the sales were obtained from RealNet, a third party source. With a range of 6.30% - 7.60%, the median was 6.75%.

[9] The Complainant's seven equity comparables show that the rental rates are excessive and had a range of assessed rates psf of \$11.00 - \$14.00 psf for the 0-1,000 sf range and \$12.00 - \$15.00 psf for the 1,001 - 2,500 sf range. The medians were \$14.00 psf and \$15.00 psf respectively.

Respondent's Position:

[10] The Respondent stated that a mass appraisal approach is required in determining the market value for assessment purposes. This relies on typical rates in order to treat similar properties in an equitable manner. One of the Complainant's sales is used by the Respondent in its capitalization rate study however the rest of the sales provided are either dated or not comparable to the subject property.

[11] The Respondent provided the subject property's rent roll as of June 27, 2012 which shows newer actual leases of \$19.00 and \$20.25 psf in the lower size range of 0-1,000 sf and an older 2009 lease for the 1,001 - 2,500 sf group of \$16.80 psf. The Respondent concluded that the subject's own rent roll supports the typical rental rates used for the 2014 assessment.

[12] The Respondent provided a chart with the Complainant's sales comparables highlighted and remarks as to why all but one of these sales wouldn't be used in the Respondent's capitalization rate analysis [R1, p. 24]. One sale was dated, two were part of the freestanding analysis group (a separate analysis from the subject property's group) and two were condominium properties.

[13] The Respondent provided the 2014 Commercial Retail Rental for Strip Shopping Centres and the Strip Centre City Wide Capitalization Rate Study with backup assessment information [R1, pp. 26-46].


Board's Reasons for Decision:

[14] The Board reviewed the evidence provided by both parties and will limit its comments to the relevant facts pertaining to this case. In particular the Board reviewed the Complainant's sale and equity comparables and found there was little evidence to compel the Board to alter the subject's value. The subject property's own rent roll supports the Respondent's rates and the Complainant's capitalization rate study uses a third party source to obtain the capitalization rates for its sale properties. The Board was given no information as to how those capitalization rates were derived or whether typical values were used to determine each parameter used to calculate those capitalization rates.

[15] The Board noted that the Complainant and Respondent used one common sale in their capitalization rate studies however the capitalization rates for that property differed in each study.

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

DATED AT THE CITY OF CALGARY THIS 28th DAY OF August 2014.



K. Thompson

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.*

Property Type	Property Sub-Type	Issue	Sub issue
retail	strip	Income Approach	Cap Rate and rental rate