



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:

***52 Memorial Corporation 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: 052059003

LOCATION ADDRESS: 5269 Memorial Dr SE

FILE NUMBER: 75935

ASSESSMENT: \$9,560,000

This complaint was heard on July 29, 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. S. 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 assessed as a "B+" quality strip shopping centre including a 2001, 11,759 square foot (sf) improvement a 1975, 5,568 sf "improvement and a 1974, 17,977 sf improvement.

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

- | | |
|---------------------------|-------------------------------|
| 1) Bank 6,600 sf | \$27.00 per square foot (psf) |
| 2) CRU 0-1,000 sf | \$22.00 psf |
| 3) CRU 1,001-2,500 sf | \$22.00 psf |
| 4) CRU 2501-6,000 sf | \$20.00 psf |
| 5) Office 6,126 sf | \$16.00 psf |
| 6) Poor location 1,179 sf | \$10.00 psf |

Issues:

[4] The subject property value would better reflect the market if the capitalization rate were 6.75%.

Complainant's Requested Value: \$8,860,000

Board's Decision:

[5] The assessment is confirmed at \$9,560,000

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 in particular the subject's assessed capitalization rate of 6.25% is not consistent with other similar properties found near the subject. The Complainant stated that it will show the correct capitalization rate of 6.75% using sale and equity comparables.

[8] The Complainant analysed eight retail properties and determined that properties with similar or superior building quality and location are being assessed with the same or higher capitalization rate as the subject. The Complainant provided a chart and maps, which included sales and equity comparables [C1, pp. 13-17]. Comparable one was cited as an example of a newer and superior property assessed with a 6.25% capitalization rate, which is the same rate as the dated and inferior subject. The capitalization rates for all eight properties were taken from the assessed calculations. The Complainant stated that comparable two, six and seven were the closest to the subject and these are all valued with a capitalization rate of 6.75% which suggests that the subject property should have a 6.75% capitalization rate as well. Documentation was provided for the eight comparable properties [C1, pp. 13-57].

Respondent's Position:

[9] 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.

[10] In response to the Complainant's eight comparables the Respondent stated that none of the Complainant's sales were used by the Respondent in its capitalization rate study. The sales provided by the Complainant were either dated or not comparable to the subject property. The Complainant's comparables two, three, six and seven are community or neighbourhood shopping centres and the Respondent provided the assessment summary sheet to show that sub property use [R1, pp. 20-21]. These groups are classified differently than the subject as they trade in a different market. Respondent also noted two of these properties are almost double the size of the subject. The Complainant's comparable number eight is a post facto sale [R1, pp. 22-26], and the Respondent submitted the transfer document to show the September 2013 transfer date. The three strip centres, comparables one, four and five are the same type of retail as the subject and have the same capitalization rate as the subject. The Respondent concluded that this would then support the capitalization rate of 6.25% for the subject property.

[11] The Respondent provided its 2014 Commercial Retail Rental for Strip Shopping Centres rental analysis and the Strip Centre City Wide Capitalization Rate Study with backup

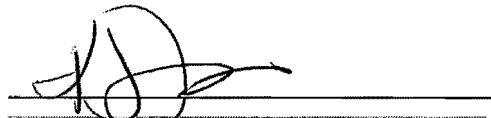
assessment information [R1, pp. 28-45].

Board's Reasons for Decision:

[12] 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. Three of the equity comparables, which have the same sub market classification as the subject, support the capitalization rate of 6.25%. The Board did not consider the Complainant's sales as two belonged to a different sub market and were not part of subject property's capitalization rate analysis and the third was *post facto*.

[13] The Board finds insufficient evidence to alter the capitalization rate 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