



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:

Kastos-Giannoutsos Holdings 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:	082213307
LOCATION ADDRESS:	3717 17 Av SW
FILE NUMBER:	76224
ASSESSMENT:	\$2,010,000

This complaint was heard on July 30, 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] The Complainant and Respondent asked to cross reference file 75930 for all questions, argument and summation. The Board had no issue with this. No other 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 6,840 square foot (sf) "C+" quality strip shopping centre built in 1959 in the Killarney/Glengarry community of Calgary.

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

- | | |
|-----------------------|-------------------------------|
| 1) CRU 0-1,000 sf | \$23.00 per square foot (psf) |
| 2) CRU 1,001-2,500 sf | \$20.00 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 \$17.00 psf and CRU's between 1,001-2,500 sf were at \$18.00 psf. The Complainant amended the requested capitalization rate at the hearing from 7.00% to 6.75%.

Complainant's Requested Value: \$1,520,000

Board's Decision:

[5] The capitalization rate is confirmed. The rental rates for CRU 0-1,000 sf and 1,001-2,500 sf are reduced to \$19.00 resulting in an assessed value of \$1,740,000.

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 fails to meet the requirements for equity when compared 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 and the correct rental rates of \$17.00 psf (for CRU 0-1,000 sf) and \$18.00 psf (for CRU 1,001-2,500 sf).

[8] The Complainant analysed six retail properties; three for equity and three sales. The Complainant provided two charts and a map, which included the sales and equity comparables [C1, pp. 12-15]. The capitalization rates for the sales were obtained from RealNet, a third party source, with a range of 6.70% - 8.50%, the median was 6.90%.

[9] The Complainant provided three Class C+ retail properties for equity and determined that properties with similar building quality and location are being assessed with the lower rental rates compared to the subject. The three equity properties all had assessed rental rates of \$17.00 psf for CRU space of 0-1,000 sf and \$18.00 psf for CRU space of 1,001-2,500 sf. The Complainant concluded that this shows that the subject rental rates are excessive.

[10] Documentation was provided for the comparable properties [C1, pp. 16-51].

Respondent's Position:

[11] 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.

[12] In response to the Complainant's six 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.

[13] The Respondent provided evidence that showed the Complainant's sales consisted of one property in a Power Centre, which would not be analysed with the subject property, the second sale was a free standing retail property with the subject being a strip shopping centre, and the third sale comparable was a dated sale and would not be used in a capitalization study for the 2014 values. The Respondent provided its 2014 Strip Centre Capitalization Rate Study with eight sales to support the subject property capitalization rate [R1, p. 30].

[14] The Respondent provided its 2014 Commercial Retail Rental study for Strip Shopping Centres [R1, pp. 27-28].

[15] The Respondent submitted the subject property's rent roll and stated that the rents obtained by the subject property were well above those requested by the Complainant.

Board's Reasons for Decision:

[16] 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 capitalization rate. Three of the equity comparables, those 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 were in different categories and the third was *post facto*.

[17] The subject rent roll was examined by the Board and while the Complainants requested rents were not supported neither were the Respondent's typical rents for this property. The rent of \$19.00 psf seemed to be more reasonable to the Board.

[18] In conclusion, the Board finds insufficient evidence to alter the capitalization rate applied to this property. The rental rates will be reduced to \$19.00 psf on both CRU 0-1,000 sf and 1,001-2,500 sf.

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF September 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